

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
SEPTEMBER 24, 2014
APPLICATION SUMMARY**

NAME OF PROJECT: Skyline Medical Center

PROJECT NUMBER: CN1406-020

ADDRESS: 3441 Dickerson Pike
Nashville (Davidson County), TN 37207

LEGAL OWNER: HTI Memorial Hospital Corporation
3441 Dickerson Pike
Nashville (Davidson County), TN 37207

OPERATING ENTITY: NA

CONTACT PERSON: John Wellborn
(615) 665-2022

DATE FILED: June 12, 2014

PROJECT COST: \$3,951,732.00

FINANCING: Cash Reserves of the parent corporation, HCA Holdings, Inc.

REASON FOR FILING: Change in bed complement: relocation of 10 licensed beds from the satellite campus to the main campus in Madison.

DESCRIPTION:

Skyline Medical Center (SMC), a 385 licensed bed hospital located in Davidson County with a main campus in Nashville (213 licensed and 209 staffed beds) and a satellite campus in Madison (172 licensed and 91 staffed beds), is seeking approval to increase medical/surgical and intensive care (ICU) bed capacity by a net gain of 10 beds through internal renovations of approximately 9,422 total square feet on three floors of the main hospital. If approved, the applicant will de-license 10 unstaffed ICU beds at its satellite Madison facility. Identification of the key changes to the bed capacity of the ICU and Medical/Surgical services at the main hospital and the staging of the renovation is discussed on pages 7, 8 and

9- R (revised) of the application. The entire project is expected to be completed by January 1, 2016.

CRITERIA AND STANDARDS REVIEW

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

2. For renovation or expansions of an existing licensed health care institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The applicant points to high/peak occupancy of the critical care and med/surg bed services at levels of 85% or higher. Data analysis of bed occupancy studies by the applicant identified the results in the table below.

Critical Care and Med/Surg Peak Occupancy Study, 1/2013-4/2014

	Days at or above 85% Occupancy	Days at or above 95% occupancy	Total (Above 85% Occupancy)	as a % of 488 total days
ICU	311	156	467	97%
Med/Surg	166	32	198	41%

Source: page 28 application. For a breakout by quarter please see table on page 29

It appears that the application meets this criterion.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The applicant is proposing renovation of existing space to accommodate the relocation and redistribution of a net gain of 10 licensed beds from its satellite to main hospital campus. The proposal is presented as a low cost, timely means to accomplish same without incurring major renovation or expansion of the hospital.

It appears that this criterion does not apply to the project.

SUMMARY:

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

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SMC proposes to increase its medical/surgical and intensive care bed capacity at its main campus located 3441 Dickerson Pike, Nashville, Tennessee, by 10 beds from 213 to 223 total beds through the addition of 10 critical and medical surgical beds that will be relocated from its satellite campus in Madison. The project includes the renovation of existing spaces at an estimated construction cost of approximately \$2,062,140 (\$218.86 per square foot). The applicant will de-license 10 unstaffed licensed beds at the satellite campus. As a result, Skyline Medical Center's consolidated 385 bed license of its two hospital campus sites in Davidson County will remain unchanged.

History

As noted in the executive summary, the applicant states that the project is the second phase of a three phase plan to convert its Madison satellite facility exclusively to a behavioral medicine campus concentrating all other medical resources to Skyline's main campus. A recap of the development plan is described in Section B, page 16 of the application. Highlights are as follows:

- The first phase primarily involved adding inpatient psychiatric bed services for adolescents at the Madison satellite facility (CN0804-029A and CN1110-040A).
- The first phase also focused on moving rehabilitation beds from the satellite facility to the main campus (CN0808-062A and CN0704-026A).
- The second phase and subject of this proposal, focuses on moving critical care beds (10 of 14 unstaffed designated ICU beds at the satellite facility) to the main campus in the fastest and most cost effective means available including the renovation of existing space, redistribution of beds and activation of unstaffed beds.
- The third phase under development may involve moving the remainder of the Madison satellite facility's unstaffed critical care and medical-surgical beds to the main facility in a larger project requiring new construction, subject to Certificate of Need approval.
- As noted in Item 7 of the June 23, 2014 supplemental response, the applicant states that there will be no floor space reserved for future use at the main hospital facility at the completion of this project. Only new construction with additional space would apply as the proposed project will complete all expansion potential within the hospital's current footprint on all floors.

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Ownership

- Skyline Medical Center is 100 percent owned by HTI Memorial Hospital Corporation, whose parent organization is (through several corporate entities) HCA, Inc. of Nashville, Tennessee.
- HCA is composed of locally owned facilities that include approximately 190 hospitals and 82 outpatient surgery centers in 23 states, England and Switzerland.
- Skyline Medical Center is part of the locally managed HCA, Inc. which operates 14 hospitals and several surgery and imaging centers in Tennessee. An organizational chart is enclosed in Attachment A.4.

Facility Information

- The first and largest phase of the project is renovation of the 2nd floor for 5 ICU beds. This phase accounts for approximately 72% of the total space to be renovated and 75% of the project's total construction cost.
- Renovations of the 4th and 5th floors for the remainder of the ICU and Medical/Surgical beds are expected to be complete by January 1, 2016.
- For more information on the staging of the project please see Table Two-D on page 8 of the application.
- The current bed mix at SMC compared to the proposed bed mix associated with this project is summarized from the illustrations provided on pages 3a - 3c of the application in the table below.

Proposed Changes to Skyline Medical Center's Bed Complement

Bed Service Totals by Site	Current Licensed Beds	Proposed Change	Total Beds at Completion
ICU Beds-Main Campus	34	+11 (see note)	45
Medical Beds-Main Campus	104	-1 (see note)	103
Surgical Beds-Main Campus	34	0	34
Rehab Beds-Main Campus	41	0	41
Subtotal-Main Campus	213	+10	223
ICU Beds-Satellite Campus	14	-10	4
Medical Beds-Satellite Campus	37	0	37
Psychiatric Beds	107	0	107
Adult Chemical Dependency	14	0	14
Subtotal-Satellite Campus	172	-10	162
Total ICU Beds	48	+1	49
Total Med/Surg Beds	175	-1	174
Total Rehab Beds	41	0	41
Total Psych and Chem Dep Beds	121	0	121
Total Consolidated Licensed Beds	385	0	385

*Notes: (a) Med/Surg Service: 4 med/surg beds moved to ICU and 3 med/surg beds added to 4th and 5th floors for net change of -1 Med/Surg bed; (b) ICU Service: 5ICU beds and 6 Neuro ICU beds being added on 2nd Floor for net change of +11 beds

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- In 2013 Skyline Medical Center had a total of 385 licensed and 317 staffed compared to a current bed complement of 385 licensed and 304 staffed beds per the table on page 3c of the application.
- According to the 2013 Joint Annual Report, Skyline had 82,955 total discharge patient days in 2013. As a result, the applicant's licensed and staffed hospital bed occupancy was 59% and 71.7%, respectively, during the period. The majority of inpatient activity concentrated on the Skyline main campus. The following provides the Department of Health's definition of the two bed categories pertaining to occupancy information provided in the Joint Annual Reports:

Licensed Beds- The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).

Staffed Beds-The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.

- The applicant's emergency department (ED) at the main hospital is pending designation as a Trauma Center. ED utilization is expected to increase by approximately 15.8% from 58,565 visits in 2014 (estimated) to 67,796 visits in 2017. Per the table of page 4 of the 6/23/14 supplemental response, admissions to the ICU and Med/Surg services can be expected to increase as a result of this change in ED utilization.
- The size and cost of the areas to be renovated as a result of the project are summarized in the table below.

Highlights of Proposed Renovation

Component	Renovation Cost	SF of Renovation	Cost per SF
2 nd Floor (ICU)	\$1,517,325	6,783 SF	\$223.69 per SF
4 th Floor (Med/Surg)	\$140,850	626 SF	\$225per SF
5 th Floor(Med/Surg)	\$70,425	313 SF	\$225 per SF
MOB-Rehab Gym	\$333,540	1,700 SF	\$196.20 per SF
Total project	\$2,062,140	9,422 SF	\$218.86

Note: per HSDA records, the project cost is below the \$249/SF 3rd quartile cost for hospital construction costs from 2011 - 2013.

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Project Need

The applicant provides several reasons for the need of the project:

- Key phase of a 3-phase strategic development plan for the redistribution of beds between Skyline's campuses.
- Consistent with plan to dedicate main hospital to critical, medical/surgical, rehab, and ED use and Madison satellite hospital to use as a behavioral health campus with inpatient psychiatric bed services (geriatric, adult, adolescent) and an adult chemical dependency bed service.
- Highly utilized ICU and Med/Surg Beds at combined occupancy of 85% or higher approximately over 470 days between 1/2013 through 4/2014 (*please see trend line graphs in the 6/23/14 supplemental response*). Utilization by quarter during this period is shown in the table below.

Skyline's Main Hospital Quarterly Bed Occupancy, CY2013

Service	Quarter 1	Quarter 2	Quarter 3	Quarter 4
ICU	86.5%	88.9%	86.4%	99.4%
Med/Surg	79%	80%	78%	80%

Note: includes observation bed days which accounted for approximately 7.4% of the main hospital's total patient days in 2013

- Patients frequently held in the emergency department or in surgical recovery until beds become available, including beds being used for observation patients.
- Existing medical/surgical patients and ICU patient admissions are expected to increase as a result of the main hospital's designation as a Trauma Center in May 2014.
- Provide temporary solution to more manageable and efficient utilization of Med/Surg mid-week peak census levels by reducing the times that patients remain in the ED or the ICU. Temporary solution until a future project for a new med/surg patient floor is developed and submitted for CON approval.
- Limited or very minimal adverse impact on other providers in the service area based on no net change in the hospital's 385 consolidated licensed beds.
- Suburban growth corridor in northern Davidson County with continued use by admitting physicians who practice primarily at the hospital closest to their patient caseloads.

Service Area Demographics

Skyline's primary service area (PSA) includes 4 counties – Davidson, Sumner, Robertson and Montgomery. Key features of this PSA include the following:

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- ICU and Med/Surg admissions accounted for approximately 81.9% of total admissions in 2013.
- Residents of the 4 county PSA are expected to account for 8,813 or 9,045 or 87% of 10,737 total admissions of these 2 services in Year 2 of the project.
- For the main hospital as a whole, residents of the PSA accounted for approximately 8,239 or 82.2% of 10,024 total patient discharges in CY 2013 (Provider 2013 JAR). Total discharges by county were Davidson (5,755); Montgomery (454); Robertson (883) and Sumner (1,147).
- Population projections noted in the TDH summary and the application reflect a 5% increase in the PSA's total population from 1,086,687 residents in CY2014 to 1,140,668 residents in CY2018.
- Statewide, the total population is expected to increase by 3.7% from CY2014 to CY2018.
- The age 65+ population in the service area is expected to increase by 15.7% from 123,957 to 143,458 individuals from 2014 to 2018 compared to a statewide increase of 12.3%.
- The number of TennCare enrollees residing in the service area equates to 16.2% of the total population, with Davidson County having the largest population proportion of TennCare enrollees (18%) and Montgomery County having the lowest proportion (12.8%) compared to a statewide average of 18.1% of the total population.
- According to the U.S. Census Bureau, approximately 14.4% of the PSA total population was below the poverty level compared to 17.3% statewide.

Historical Utilization

The applicant identified 13 existing hospitals in the PSA, including 9 in Davidson, 1 each in Montgomery and Robertson and 2 hospitals in Sumner County. *Please note: not included in this licensed bed tally are rehabilitation and long term acute care (LTAC) providers in the PSA, including Nashville Rehabilitation Hospital (31 beds – currently inactive), Vanderbilt Stallworth Rehabilitation Hospital (80 beds), Kindred Hospital (60 beds), and Select Specialty Hospital-Nashville (70 beds). Also excluded is the PSA's freestanding psychiatric provider, Middle TN Mental Health Institute in Davidson County (300) beds which is licensed by TDMHASAS.*

Key highlights of the utilization of the 13 hospitals are as follows:

- Combined occupancy of the 13 hospitals averaged 57.7% in 2012, a slight increase from the prior 2 consecutive years.
- Five (5) of the 13 hospitals with ICU and Medical/Surgical bed capacity experienced increases in their total licensed bed occupancy from 2010 to 2012.

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- According to TDH's acute care bed need table, there were 4,436 licensed acute care beds in the PSA in 2012. The estimated need in the table is 3,071 acute care beds for CY2014 and 3,227 beds for CY2018 (*note: the bed need formula is based on the utilization of providers in the 4-county PSA from the 2012 JAR*).
- The need by each county of the applicant's PSA is shown in the table below.

Acute Care Bed Need in PSA, 2014-2018

County	Licensed Beds 2012 JAR	Estimated Need 2014	Estimated Need 2018	Difference 2014 (surplus)	Difference 2018 (surplus)
Davidson	3,754	2,681	2,814	(1,073)	(940)
Montgomery	270	155	165	(115)	(105)
Robertson	109	62	65	(47)	(44)
Sumner	303	173	183	(92)	(82)
Total PSA	4,436	3,071	3,227	(1,365)	(1,209)

The table above reflects that there is presently a surplus of approximately 1,365 beds based on the licensed bed count of hospitals in each county of the PSA in 2012. *Please note: TDH used 2012 licensed beds, utilization from the 2012 provider JAR (inpatient days) and its population projections to develop an estimate of the need for acute care beds in CY2014 and CY2018. The spreadsheet of the estimated bed need for all TN counties is on page 25 of the application.*

As further support of the need for the 10 additional ICU and med/surg beds due to peak occupancy concerns, HSDA staff asked the applicant to provide bed utilization in calendar year 2013 for Skyline and its Nashville based HCA companion hospitals that are located in the 4-county service area. The information in the table below was provided as "Additional Information" for the 6/23/14 supplemental response and is based on data from internal HCA hospital management records.

Utilization of HCA Hospitals in PSA, CY2013

Hospital	Med/Surg Licensed Beds	Occupancy	ICU Licensed Beds	Occupancy
Centennial	240	82.5%	88	56.5%
Skyline	138	66.3%	34	84.1%
So Hills	53	62.4%	20	56.5%
Summit	110	77.3%	24	57.4%
Hendersonville	73	55.5%	20	53.3%
HCA Totals	614	72.9%	186	61.3%

Source: applicant, 6/23/14 supplemental response.

Projected Utilization

The applicant based its utilization projections through Year 2 (CY2017) on continued growth at approximately 4% per year for the Med/Surg service and 4.5% per year for the ICU service. Highlights of the projected utilization for the services at the Skyline main hospital campus are as follows:

- 10,332 combined ICU and Med/Surg admissions or approximately 92% of the main hospital's total admissions in Year 1 increasing to 10,760 admissions in Year 2
- 50,814 combined ICU and Med/Surg patient days (76.5% combined occupancy) in CY2016 which equates to approximately 80% of the main hospital's total patient days during the period.
- 53,168 combined ICU and Med/Surg patient days (80% occupancy) in CY2017.
- The details of the applicant's methodology with overview of total hospital utilization by major bed service can be found on pages 38 - 40 of the original application.
- A summary of the applicant's historical and projected utilization for the ICU and Medical/Surgical services using both inpatient and observation days compared to totals of Skyline's main hospital campus is presented in the table below. The last row of the table is provided to illustrate occupancy using only inpatient days of the main campus and excludes observation days from the calculation.

Historical and Projected Occupancy of Skyline's Main Campus

Service	2013	2014 (est)	2015 (projected)	2016 (Year 1)	2017 (Year 2)
Med- Surg	74.5% 138 beds	79% 138 beds	82.3% 138 beds	86.2% 137 beds	89.6% 137 beds
ICU	85.9% 34 beds	89.7% 34 beds	83.3% 39 beds	77% 45 beds	82% 45 beds
Total (Inpatient and observation days)	77.4% 213 beds	81.3% 213 beds	83.9% 218 beds	85.3% 223 beds	88.8% 223 beds
Total (Inpatient days only)	71.8% 213 beds	75.5% 213 beds	78% 218 beds	79.3% 223 beds	82.5% 223 beds

* Note: Occupancy includes observation days (see pages 38 - 40 of the application).

Project Cost

The total estimated project cost is \$3,951,732.00. Major costs are:

- Construction Costs plus contingencies for renovation of existing space on 3 floors of the main hospital-\$2,270,861 or 57.5% of total cost
- Moveable equipment and room furniture/decorating-\$1,562,000, or 39.5% of the total cost

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- Average renovation cost is expected to be \$218.86 per square foot. The median and third quartile for cost per square foot of previously approved hospital projects from 2011-2013 was \$179.00 and \$249.00, respectively.
- For other details on the staging of the renovation by floor and impact to existing use of these areas, please see the table on page 8 of the application.

Historical Data Chart

- According to the Historical Data Chart, Skyline's main campus hospital reported favorable net operating income (NOI) for the three most recent fiscal years: \$32,960,000 for 2011; \$38,471,000 for 2012; and \$33,425,000 for 2013.
- As a percent of net operating revenue, NOI was 22% in FY2012 decreasing to 18.9% in FY2013.
- It appears the slight decrease in NOI might have resulted, in part, from increases in contractual adjustments from charges and personnel expenses during the period.

Projected Data Chart

The applicant anticipates that the project will contribute to continued growth of favorable financial margins at the main hospital campus. Key highlights of the hospital's projected financial performance are as follows:

- Increase of approximately 4% from 65,549 patient days in Year 1 to 67,177 patient days in Year 2 (average of 184 patients per day).
- Growth in gross revenues from \$1,262,600,849 in Year 1 by 3.96% to \$1,312,798,743. Projected growth in all key services of the hospital – inpatient, Emergency Department and outpatient services.
- Deductions of approximately \$1,061,417,237 for charity, bad debt and contractual adjustments in Year 1. *Note: the deductions equate to approximately 84% of total gross revenue in Year 1 and appear to be consistent with historical trends.*
- Net Operating Revenue of \$201,183,612 (\$3,166 per patient day) in 2016 increasing by approximately 4% to \$209,182,176 in Year 2.
- Projected Net Operating Income averaging approximately 19% per year of net operating revenue is similar to historical operating margin performance since FY2011. NOI is \$39,162,846 in the first year and \$40,719,864 in Year 2.
- The applicant expects to provide \$16,517,423 towards charity care in 2016.

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Charges

- The applicant estimates that the addition of the 10 net beds being transferred from its Madison satellite campus facility will not affect any hospital charges.
- Charges of the main hospital appear to mirror the most frequent charges by admission diagnosis shown in the table on page 57 of the application.
- The projected average gross charge of the main hospital is \$19,560 per day in Year 1 and \$19,542 in Year 2.
- Per the comparison of charges on page 56-R (revised) to other hospitals in the PSA, the applicant's average gross charge of the hospital as a whole (both campuses) was approximately \$11,239.12 per inpatient day in calendar year 2013 and is second highest of the group (2013 Hospital JAR).
- The deduction from operating revenue appears to be high at approximately 85% of gross charges.

Medicare/TennCare Payor Mix

- The applicant indicates they have contracts with all three TennCare MCOs available to its service area population: United HealthCare Community Plan (formerly AmeriChoice), TennCare Select and AmeriGroup.
- The applicant projects \$679,279,257 in Medicare gross revenue and \$189,768,908 in TennCare gross revenue in Year 1. These amounts equate to approximately 54% and 15%, respectively, of total gross operating revenue in Year 1.

Financing

- The source of funding for the project is identified as a cash transfer from the applicant's parent (HCA, Inc.) to the applicant's division office (TriStar Health System).
- A May 6, 2012 letter signed by the President and Controller of TriStar Health System attests to HCA's ability to finance the project.
- Review of the HCA's Holdings financial statement as of 12/31/14 revealed current assets of \$8,037 billion and current liabilities of \$5,695 billion for a current ratio of 1.46 to 1.0. *Please note: current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.*

Staffing

- Per the table provided in the 6/23/14 supplemental response, staffing of the ICU and the Med/Surg services at Skyline's main hospital campus is

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expected to increase from 73 current full time equivalent staff (FTE) to 83.2 FTE in Year 1 and 108.8 FTE in Year 2.

- The majority of the staffing for the two services is clinical. Of the 108.8 FTE in Year 2, 2 FTE are clinical directors and 93 FTE are registered nurses.
- The applicant also clarified that staff at the Madison satellite facility will not be adversely affected since the beds being transferred are not set up and staffed at that location.

Licensure/Accreditation

As confirmed in the TDH summary, Skyline is actively licensed by TDH and is Joint Commission accredited.

The applicant has submitted the required corporate documentation, site control documents and miscellaneous information pertaining to the demographics of the primary service area. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in three years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding certificates of Need for this applicant.

HCA has financial interests in this project and the following:

Denied Applications:

Summit Medical Center, CN1206-029D, was denied at the September 26, 2012 Agency meeting. The application was for the establishment of a 20 bed acute inpatient rehab unit and service in its hospital facility by converting 20 adult psychiatric beds and reclassifying the adult psychiatric unit to an inpatient rehab unit. The estimated cost was projected to be \$2,500,000.00 *Reason for Denial: the application did not meet the statutory criteria.*

Pending Applications

Centennial Medical Center, CN1407-022, has a pending application that will be heard at the October 22, 2014 Agency meeting for a Certificate of Need for the renovation of the main emergency department, the development of a Joint

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Replacement Center of Excellence with 10 additional operating rooms; and the increase of the hospital's licensed bed complement from 657 to 686 beds. The estimated project cost is \$96,192,007.00.

Outstanding Certificates of Need

Summit Medical Center, CN1402-004A, has an outstanding Certificate of Need that will expire on July 1, 2017. It was approved at the May 28, 2014 agency meeting for the addition of eight (8) medical/surgical beds increasing the hospital's licensed bed complement from one hundred eighty-eight (188) to one hundred ninety-six (196) total licensed beds. The new beds will be located in renovated space on the 7th Floor of the hospital in space to be vacated by the hospital's Sleep Lab which will be relocated to the adjacent Medical office Building on the hospital campus. The estimated project cost is \$1,812,402.00. *Project Status Update: the project was recently approved.*

Hendersonville Medical Center, CN1302-002A, has an outstanding Certificate of Need that will expire on August 1, 2016. It was approved at the June 26, 2013 Agency meeting to construct a new fourth floor of medical surgical beds and initiate Level IIB Neonatal Intensive Care services in a new six (6) licensed Level IIB Neonatal Intensive Care Unit (NICU) on its campus at 355 New Shackle Island Road, Hendersonville (Sumner County) Tennessee, 37075. The proposed project will not change the total licensed bed complement. The hospital currently holds a single consolidated license for 148 general hospital beds, of which 110 are located at its main Hendersonville campus and 38 are located at its satellite campus at 105 Redbud Drive, Portland (Sumner County), TN 37148. The applicant will relocate 13 beds from the satellite campus to the main campus, resulting in 123 licensed beds at the Hendersonville campus and 25 licensed beds at the Portland satellite campus. The estimated cost of the project is \$32,255,000.00. *Project Status: per 5/12/14 e-mail, the Chief Operations Officer of the medical center advised that the hospital is in process of finishing design drawings over the next 90 -120 days. Once approved, construction is expected to begin in early 2015.*

Natchez Surgery Center, CN1002-011A, has an outstanding Certificate of Need that will expire on July 1, 2015. It was approved at the May 26, 2010 Agency meeting for the establishment of an ambulatory surgical treatment center (ASTC) with three (3) operating rooms and three (3) procedure rooms. After approval, CN801-001A was surrendered which was a similar facility for this site at 107 Natchez Park Drive, Dickson (Dickson County), TN. The estimated cost of the project was \$13,073,892.00. *Project Status: the applicant requested a modification at the March 2012 Agency meeting to extend the expiration date for three (3) years from July 1, 2012 to July 1, 2015;; reduce the number of operating rooms from three (3) to two (2) and procedure rooms from three (3) to one (1); reduce project costs by \$4,201,823 from*

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\$13,073,892 to \$8,872,069; and reduce square footage by 4,965 from 15,424 to 10,459 square feet. The Agency voted to defer consideration of this request until the May 2012 meeting so that it could be heard simultaneously with CN1202-008, Horizon Medical Center Emergency Department. Both CN1202-008 and the modification to CN1002-011A were approved at the May 2012 meeting. According to a 4/25/14 e-mail from a representative of HCA Healthcare, groundbreaking did not occur in December 2013 but the project is well underway. Architectural plans will be submitted to the state for approval the week of 5/5/2014 and plans will be released for bidding. The new groundbreaking date subject to state approval is June/July 2014. The ASTC project will require a seven month construction period with an anticipated opening date of January/February 2015.

Parkridge Valley Hospital, CN1202-006AM has an outstanding Certificate of Need that will expire on July 1, 2015. The CON was approved at the May 23, 2012 Agency meeting for (1) the addition of sixteen (16) additional child and adolescent psychiatric beds to the sixty-eight (68) beds currently located on the satellite campus at 2200 Morris Hill Road, Chattanooga (Hamilton County) and (2) the relocation of all forty-eight (48) of its licensed adult psychiatric beds to a new campus. The current licensed hospital bed complement at Parkridge Valley Hospital, which is a satellite location of Parkridge Medical Center, will decrease from one hundred sixteen (116) beds to eighty-four (84) beds. The net result of this application is that only child and adolescent psychiatric beds will operate at this location. The estimated project cost of **\$143,000**. *Project Status Update: the project cost was modified at the January 22, 2014 Agency meeting to a revised amount of \$706,006. An e-mail was received on 4/25/14 from a representative of Parkridge indicating that Phase 1 of the Parkridge Valley Child & Adolescent campus construction (re-configuring space and moving walls), has been completed with the result that the number of patients who are housed three to a room has been reduced. Phase 2 involves the conversion of adult space to space appropriate for children and adolescents, including the conversion to all semi-private rooms in accordance with the industry norm of no more than two adolescents per room. Currently, architectural drawings are in the process of being finalized for review and approval by the Division of Health Care Facilities, Tennessee Department of Health. Parkridge expects to begin Phase 2 in early summer of 2014 with construction expected for a period of approximately 12 weeks. The representative stated that Parkridge is on track to complete the project within the \$706,006 project cost estimate by the expiration date of July 1, 2015.*

Horizon Medical Center Emergency Department, CN1202-008A, has an outstanding Certificate of Need that will expire on July 1, 2015. The CON was approved at the May 23, 2012 Agency meeting to establish a satellite emergency department facility located at its Natchez Medical Park campus located at 109 Natchez Park Drive, Dickson (Dickson County). Estimated project cost is **\$7,475,395**. *Project Status Update: according to a 4/25/14 e-mail from a representative of*

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HCA Healthcare, the project is well underway. Architectural plans will be submitted to the state for approval the week of 5/5/2014 and plans will be released for bidding. The new groundbreaking date subject to state approval is June/July 2014. The ASTC project will require a seven month construction period with an anticipated opening date of January/February 2015.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, or denied applications for other entities proposing this type of service.

Pending Applications

Vanderbilt University Hospitals, CN1406-021, has a pending application that will be heard at the September 24, 2014 Agency meeting for the relocation of the obstetrical program, the newborn nursery, and the neonatal unit from Vanderbilt University Hospital to Monroe Carell Jr. Children's Hospital, the addition of 23 obstetrical beds and 24 neonatal/pediatric critical care beds, the addition of 61 adult acute care beds, the renovation of 79,873 square feet and new construction of 126,686 square feet. The estimated total project cost is **\$118,276,950.00**.

Outstanding Certificates of Need

Vanderbilt Medical Center, CN0606-037A, has an outstanding certificate of need that will expire on July 1, 2015. The CON was approved at the September 27, 2006 Agency meeting for the continuance of facility's master plan: addition of 3rd bed tower with redistribution of 141 SNF beds to 141 new acute care beds; renovation and expansion of cardiac cath labs and hybrid ORs; addition of 14 newly constructed OR suites; and decommissioning 2 ORs. **The estimated project cost is \$234,421,471.00.** *Project Status Update: according to the Annual Progress Report submitted on July 1, 2014, all bed floors have been completed, licensed and are in service. The 5th floor, including the relocated cardiac catheterization and EP labs, was completed in January 2014. The hospital expects to submit its final project report with documentation of final expenditures prior to the expiration date of July 1, 2015.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO

SKYLINE MEDICAL CENTER

CN1406-020

September 24, 2014

PAGE 15

THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER
PAGE.

PJG (09/10/14)

LETTER OF INTENT


LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Tennessean, which is a newspaper of general circulation in Davidson County, Tennessee, on or before June 10, 2014, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that TriStar Skyline Medical Center (a hospital), owned and managed by HTI Memorial Hospital Corporation (a corporation), intends to file an application for a Certificate of Need to increase its medical-surgical and intensive care bed capacity at its main campus at 3441 Dickerson Pike, Nashville, TN 37207 by a net of ten (10) beds, by renovation of existing spaces, at a capital cost estimated at approximately \$4,000,000. Simultaneously ten (10) licensed beds will be closed at TriStar Skyline's satellite campus in Davidson County.

TriStar Skyline Medical Center is currently licensed as an acute care hospital by the Board for Licensing Health Care Facilities. Its consolidated license is for 385 hospital beds--currently consisting of 213 beds at its main campus, and 172 beds at its satellite campus at 500 Hospital Drive, Madison, TN 37115 (also in Davidson County). This project will increase the main campus to 223 beds, and will reduce the satellite campus to 162 beds, so that the consolidated 385-bed license will not change. The project does not include major medical equipment or any new health service.

The anticipated date of filing the application is on or before June 13, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

	<u>6-10-14</u>	<u>jwdsg@comcast.net</u>
(Signature)	(Date)	(E-mail Address)

COPY

TRISTAR Skyline
Medical Center

CN1406-020

JUN 12 10 42 AM '14

June 11, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application Submittal
Skyline Medical Center--Transfer of Satellite Licensed Beds to Main Campus
Nashville, Davidson County

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Jerry Taylor is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,



John Wellborn
Consultant

**TRISTAR
SKYLINE MEDICAL CENTER**

**CERTIFICATE OF NEED APPLICATION
TO CONSTRUCT
MEDICAL-SURGICAL AND ICU BEDS
IN RENOVATED SPACE
(WITHIN THE CURRENT BED LICENCE)**

Submitted June 2014

PART A**1. Name of Facility, Agency, or Institution**

Skyline Medical Center		
<i>Name</i>		
3441 Dickerson Pike	Davidson	
<i>Street or Route</i>	<i>County</i>	
Nashville	TN	37207
<i>City</i>	<i>State</i>	<i>Zip Code</i>

2. Contact Person Available for Responses to Questions

John Wellborn		Consultant	
<i>Name</i>		<i>Title</i>	
Development Support Group		jwdsg@comcast.net	
<i>Company Name</i>		<i>E-Mail Address</i>	
4219 Hillsboro Road, Suite 210	Nashville	TN	37215
<i>Street or Route</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>
CON Consultant	615-665-2022	615-665-2042	
<i>Association With Owner</i>	<i>Phone Number</i>	<i>Fax Number</i>	

3. Owner of the Facility, Agency, or Institution

HTI Memorial Hospital Corporation		615-769-7100	
<i>Name</i>		<i>Phone Number</i>	
Same as in #1 above			
<i>Street or Route</i>		<i>County</i>	
Same as in #1 above			
<i>City</i>	<i>State</i>	<i>Zip Code</i>	

4. Type of Ownership or Control (Check One)

A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	
D. Corporation (For-Profit)	x	I. Other (Specify):	
E. Corporation (Not-for-Profit)			

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

5. Name of Management/Operating Entity (If Applicable) **NA**

<i>Name</i>		
<i>Street or Route</i>	<i>County</i>	
<i>City</i>	<i>State</i>	<i>Zip Code</i>

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership	x	D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of ____ Years			

7. Type of Institution (Check as appropriate—more than one may apply)

A. Hospital (Specify): General	x	I. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty		J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional Habilitation Facility (ICF/MR)		P. Other Outpatient Facility (Specify):	
		Q. Other (Specify):	

8. Purpose of Review (Check as appropriate—more than one may apply)

A. New Institution		G. Change in Bed Complement Please underline the type of Change: Increase, Decrease, <u>Designation</u> , <u>Distribution</u> , Conversion, <u>Relocation</u>	x
B. Replacement/Existing Facility		H. Change of Location	
C. Modification/Existing Facility	x	I. Other (Specify):	
D. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify)			
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9a. Bed Complement Data Skyline Medical Center--Main Campus Only
(Please indicate current and proposed distribution and certification of facility beds.)

	Current Licensed Beds	CON approved beds (not in service)	Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical	104		100	-1*	103
B. Surgical	34		34	0	34
C. Long Term Care Hosp.					
D. Obstetrical					
E. ICU/CCU (22+12)	34		34	+11**	45
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolesc. Psych.					
K. Rehabilitation	41		41		41
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)					
N. Nursing Facility Lev. 2 (Medicare only)					
O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child/Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL CAMPUS	213	0	209	+10	223

*- 4 m/s bed spaces being moved to ICU; +3 m/s beds being added on 4th-5th floors.

**+5 ICU beds + 6 neuro ICU beds being added in adjoining spaces on 2nd floor.

10. Medicare Provider Number: Acute - 44-0006,
Rehab 44-T006, Psych – 44-S006

11. Medicaid Provider Number: 044-0006

12. & 13. See page 4

9b. *Bed Complement Data Skyline Medical Center Madison Campus Only*
(Please indicate current and proposed distribution and certification of facility beds.)

	Current Licensed Beds	CON approved beds (not in service)	Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical	37		0	0	37
B. Surgical					
C. Long Term Care Hosp.					
D. Obstetrical					
E. ICU/CCU	14		0	-10	4
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric	66		50	0	66
I. Geriatric Psychiatric	20		20	0	20
J. Child/Adolesc. Psych.	21		21	0	21
K. Rehabilitation					
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)					
N. Nursing Facility Lev. 2 (Medicare only)					
O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical Dependency	14		0	0	14
R. Child/Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL CAMPUS	172	0	91	-10	162

9c. Bed Complement Data **Combined Main and Madison Campuses**
(Please indicate current and proposed distribution and certification of facility beds.)

	Current Licensed Beds	CON approved beds (not in service)	Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical	141		100	-1	140
B. Surgical	34		34	0	34
C. Long Term Care Hosp.					
D. Obstetrical					
E. ICU/CCU	48		38	+1	49
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric	66		50	0	66
I. Geriatric Psychiatric	20		20	0	20
J. Child/Adolesc. Psych.	21		21	0	21
K. Rehabilitation	41		41	0	41
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)					
N. Nursing Facility Lev. 2 (Medicare only)					
O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical Dependency	14		0	0	14
R. Child/Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL HOSPITAL	385	0	304	0	385

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

This is an existing facility already certified for both programs. In CY2013, Skyline Medical Center had an overall payor mix of 53.8% Medicare and 15.03% TennCare/Medicaid.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

Skyline Medical Center is fully contracted with all available TennCare MCO's in the Middle Tennessee Region. They are as follows:

Table One: Contractual Relationships with Service Area MCO's	
Available TennCare MCO's	Applicant's Relationship
AmeriGroup	contracted
United Community Healthcare Plan (formerly AmeriChoice)	contracted
TennCare Select	contracted

SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

- TriStar Skyline Medical Center is a two-campus community hospital in Davidson County, with a consolidated acute care bed license of 385 beds. Its main campus, located beside I-65 in the north sector of Davidson County, has 213 beds. Its satellite behavioral health campus in the Madison area of Davidson County operates 172 beds.
- Skyline's main campus intensive care beds are very highly utilized, with patients frequently held in the Emergency Department, or in Surgical Recovery, waiting for admission to an intensive care unit (ICU) bed. Medical-surgical beds are also highly utilized midweek. Skyline's satellite campus in Madison contains a small number of unstaffed medical-surgical and ICU beds, that are vacant since the campus began conversion to a behavioral facility with only psychiatric and chemical dependency beds. In this project, TriStar Skyline proposes to construct additional main campus ICU and medical-surgical bed capacity through internal renovations on three floors, for a net gain of 10 licensed beds on the main campus. When that is done, Skyline will delicense 10 intensive care beds at its satellite Madison campus. Skyline's 385-bed consolidated hospital license therefore will not increase; its main campus will increase to 223 beds while its satellite campus will decrease to 162 beds.

Ownership Structure

- TriStar Skyline Medical Center is an HCA facility owned by HTI Memorial Hospital Corporation, which is 100% owned through wholly owned subsidiaries by HCA Holdings, Inc. Attachment A.4 contains details, an organization chart, and information on Tennessee facilities owned by HCA.

Service Area

- The project's primary service area for medical-surgical and intensive care patients consists of Davidson, Sumner, Robertson, and Montgomery Counties. Approximately 82% of Skyline's medical-surgical and intensive care admissions came from those counties in 2013. No other county contributed more than 2%.

Need

- This project is the second phase of a three-phase plan to convert the satellite campus to an exclusively behavioral medicine campus, concentrating all other bed resources on Skyline's main campus on I-65. The first phase, completed after receiving several CON approvals, was to move all the satellite's rehabilitation beds to the main campus. This application, the second phase, is focused primarily on moving critical care beds to the main campus in the fastest and most cost-effective way possible--by internal renovations.

care beds to the main campus in a larger project requiring new construction. By the end of that phase, all unused licensed beds at the Madison campus will have been transferred to the main campus.

- The second and third phases of bed relocations are urgently needed. Bed availability during the week has become a major problem at the main campus on I-65 north of downtown Nashville. Its ICU and medical-surgical admissions and patient days have grown steadily. All beds experience high occupancies. As its neurosciences program continues to grow, and with its recent provisional designation as a Level II trauma Center, Skyline's need for beds will continue to increase. This project will quickly move as many beds as possible into existing renovated space, to gain capacity without the delays of new construction.
- The data support this application. Skyline's critical care and medical-surgical beds are continuously occupied well above 85% occupancy during most weekdays. During the sixteen months from January 1, 2013 through April 2014, ICU beds exceeded 85% occupancy on 311 days, and 95% occupancy on 156 days. During that time, medical-surgical beds exceeded 85% occupancy on 166 days, and 95% occupancy on 32 days.
- Demand for critical care beds is projected to increase steadily, making it impossible to meet the needs of existing and developing care programs, without shifting more of the hospital's licensed beds from its satellite campus to its main campus.

Existing Resources

- The most significant existing resource for this project is Skyline's unstaffed medical-surgical and ICU bed capacity remaining on its Madison campus, which has been steadily focused on behavioral health programs rather than medical-surgical services, since its acquisition by HCA several years ago. That is the resource to be used for this project (and other projects), to avoid requesting an increase in the hospital's total license.
- The most recent (2013) Joint Annual Reports indicated that there are 12 *general* hospital facilities in the four-county primary service area, with a total of 4,254 licensed acute care beds. This excludes facilities or campuses dedicated to psychiatric, rehabilitation, and long term acute care services. This ten-bed transfer from one part of Davidson County to another will not affect those facilities in any significant way.

Project Cost, Funding, Financial Feasibility, and Staffing

- The estimated cost of the project is \$3,951,732 , all of which will be provided through a cash transfer from Skyline's parent company, HCA.
- Skyline's utilization ensures that the proposed beds will operate at high occupancy and with a positive financial margin.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.*) INCLUDING SQUARE FOOTAGE, MAJOR AREAS, ROOM CONFIGURATION, ETC.

A. Proposed Bed Changes By Type of Bed

Table Two-A: Proposed Bed Changes at Skyline's Main Campus			
	Current Licensed Beds	Proposed Licensed Beds	Change in Licensed Beds
Medical-Surgical	138	137	- 1
Intensive Care	34	45	+11
Rehabilitation	41	41	no change
Total Hospital	213	223	+10 (+4.7%)

Table Two-B: Proposed Bed Changes at Skyline's Satellite Madison Campus			
	Current Licensed Beds	Proposed Licensed Beds	Change in Licensed Beds
Medical-Surgical	37	37	no change
Intensive Care	14	4	-10
Behavioral	121	121	no change
Total Hospital	172	162	- 10 (- 5.8%)

Table Two-C: Proposed Bed Changes at Skyline's Consolidated Campuses			
	Current Licensed Beds	Proposed Licensed Beds	Change in Licensed Beds
Medical-Surgical	175	174	-1
Intensive Care	48	49	+1
Rehabilitation	41	41	no change
Behavioral	121	121	no change
Total Hospital	385	385	no change

Table Two-D: Proposed Bed Changes By Floor				
Floor	Project Component	Displaced Activities		
		Use of This Space Now	Future Location of Displaced Uses	Renovation Required?
2	Add <u>five</u> beds to the Neuro area of ICU. (Net one bed of additional capacity; other four are reassigned from m/surg.)	Offices and Biomedical Equipment Storage	Moving to existing ground floor locations.	Yes
2	Add <u>six</u> new licensed beds to the ICU/CCU. (Net six beds of additional capacity).	Offices and IP Rehab Gym	IP rehabilitation gym moving to first floor of hospital; OP gym on first floor is moving to the MOB	Yes
4	Add <u>two</u> medical-surgical beds in existing two-room space. (Net two beds of additional capacity).	Dialysis room	Moving to vacant 1st floor space.	Yes
5	Add <u>one</u> medical-surgical bed in existing single room space. (Net one bed of additional capacity).	Epilepsy and other monitoring	Will be consolidated with telemetry on the 5 th floor.	Yes
Bed spaces constructed on all three floors at main campus: 14 beds Net <i>licensed</i> bed spaces added to main campus capacity: 10 beds Licensed bed capacity closed at satellite campus: 10 beds Change in consolidated 385-bed license: None				

B. Discussion of Construction and Bed Changes

1. First and Second Floor Changes

At present, Skyline has two ICU areas with 34 total beds. There is a 22-bed general ICU on the first floor. The 12-bed ICU on the second floor is used primarily for neurological patients. This project will increase the second floor ICU to 23 beds, by renovations adding 11 beds in adjoining wings of the floor. First, 5 beds will be added by renovating space now used for offices and biomedical equipment (which will be moved to the first floor). Next, 6 beds will be added on an adjoining wing, by displacing more offices and an overflow inpatient rehabilitation gym. (That inpatient gym will be moved to the ground floor where an outpatient gym is now located; the outpatient gym will be moved into the campus medical office building.) These changes will create 11 more ICU beds on that floor.

Only 7 of those 11 beds will be additional licensed beds at the main campus, because 4 of them will replace 4 licensed medical-surgical bed spaces elsewhere, that have been changed to non-inpatient uses. Those 4 beds are already part of the licensed main campus complement of 213 beds.

2. Fourth and Fifth Floor Changes

The fourth floor currently has a group dialysis room occupying space formerly used as two patient rooms. Group dialysis will be moved to vacant first floor space; and its area on the fourth floor will be renovated back into two private rooms, both of which will be additions to the licensed complement on the main campus.

The fifth floor has a single patient room space now occupied by epilepsy monitoring. It will be put back into service as a private room, which will add one bed to the main campus licensed complement. The displaced monitoring will be consolidated with telemetry on the fifth floor.

3. Square Footage of Renovations

Table Two-E: Summary of Construction	
	Square Feet
Area of New Construction	0 SF
Second Floor Renovation	6,783 SF
Fourth Floor Renovation	626 SF
Fifth Floor Renovation	313 SF
MOB Renovation for OP Gym Relocation	1,700 SF
Total Area of Construction	9,422 SF of Renovation Only

Source: HCA Development Department and project architect.

Operational Schedule

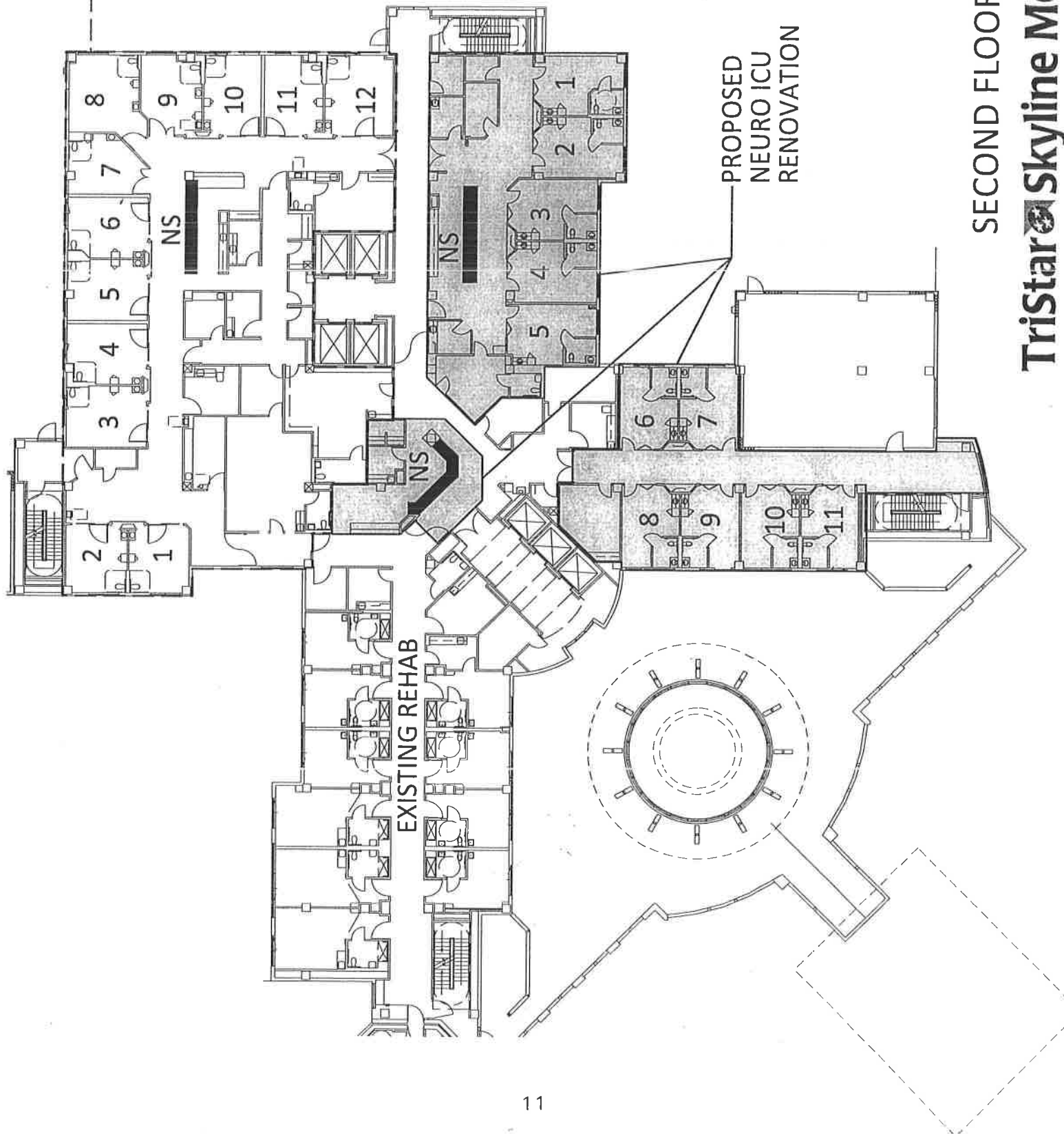
The ten net new main campus beds will be available for patient use 24 hours daily, throughout the year. The applicant intends to open the five-bed addition to the ICU by January 1, 2015, and all other beds no later than January 1, 2016. CY2016 is the projected first full year of operation for the project as a whole.

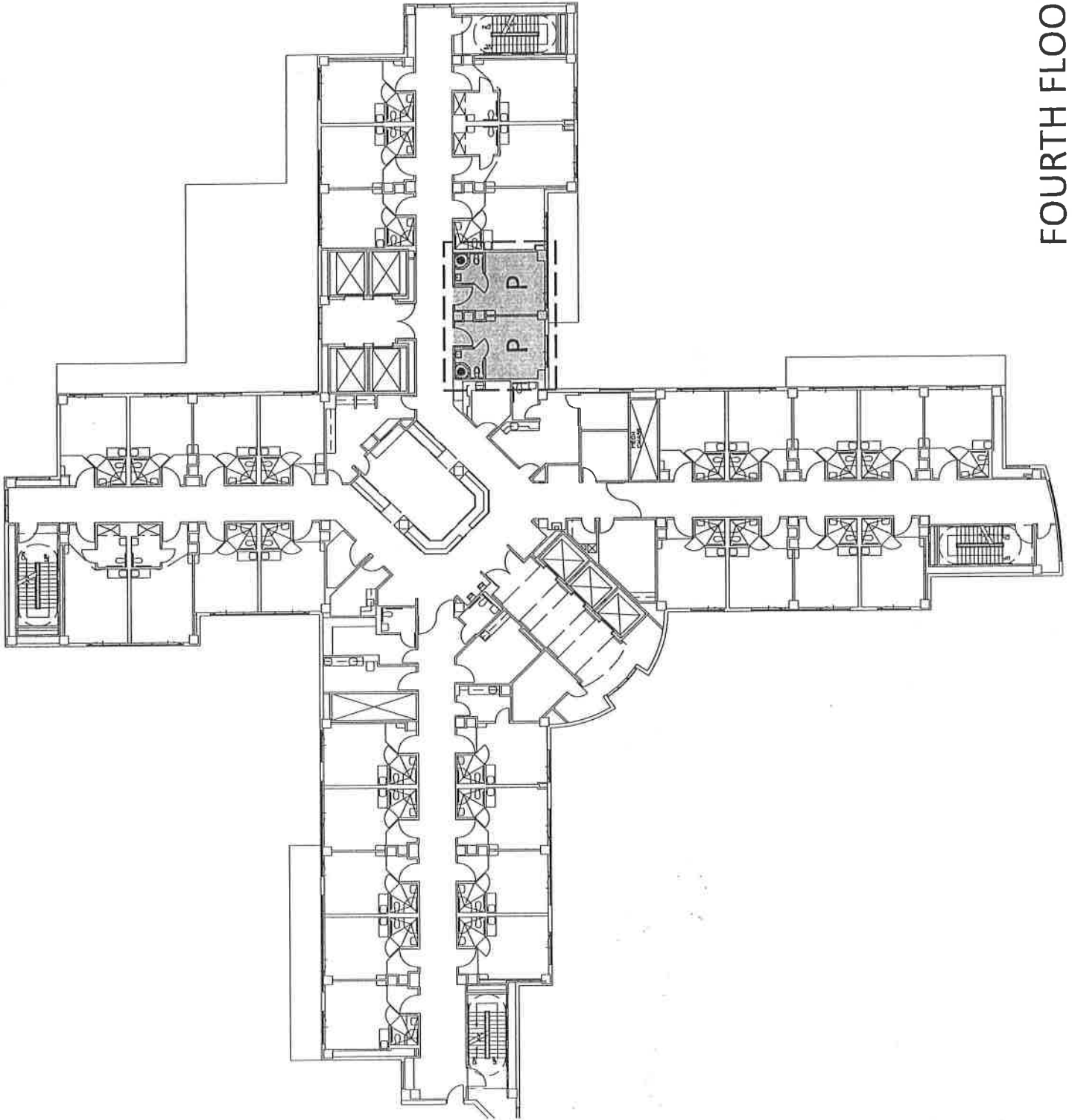
Cost and Funding

The project cost is estimated at \$3,942,861. It will be funded entirely by HCA Holdings, Inc., TriStar Skyline Medical Center's ultimate parent company, through a cash transfer to TriStar Health System, HCA's regional office in Nashville.

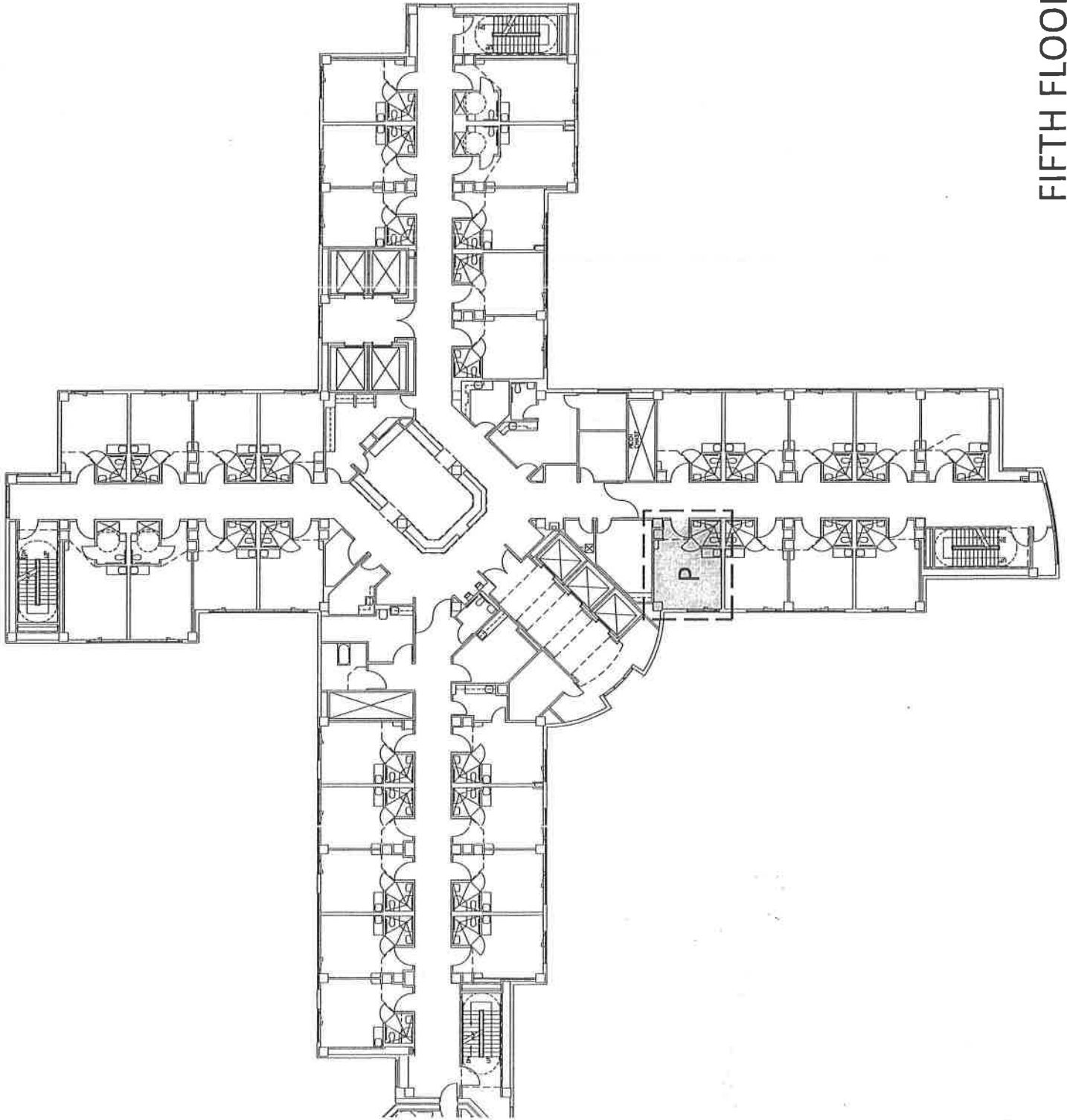
Ownership

Skyline Medical Center is owned and operated by HCA Health Services of Tennessee, Inc., which is wholly owned through entities wholly owned by HCA, Inc., a national hospital company based in Nashville, Tennessee. Attachment A.4 contains an organization chart of the applicant's chain of ownership up to the parent company.





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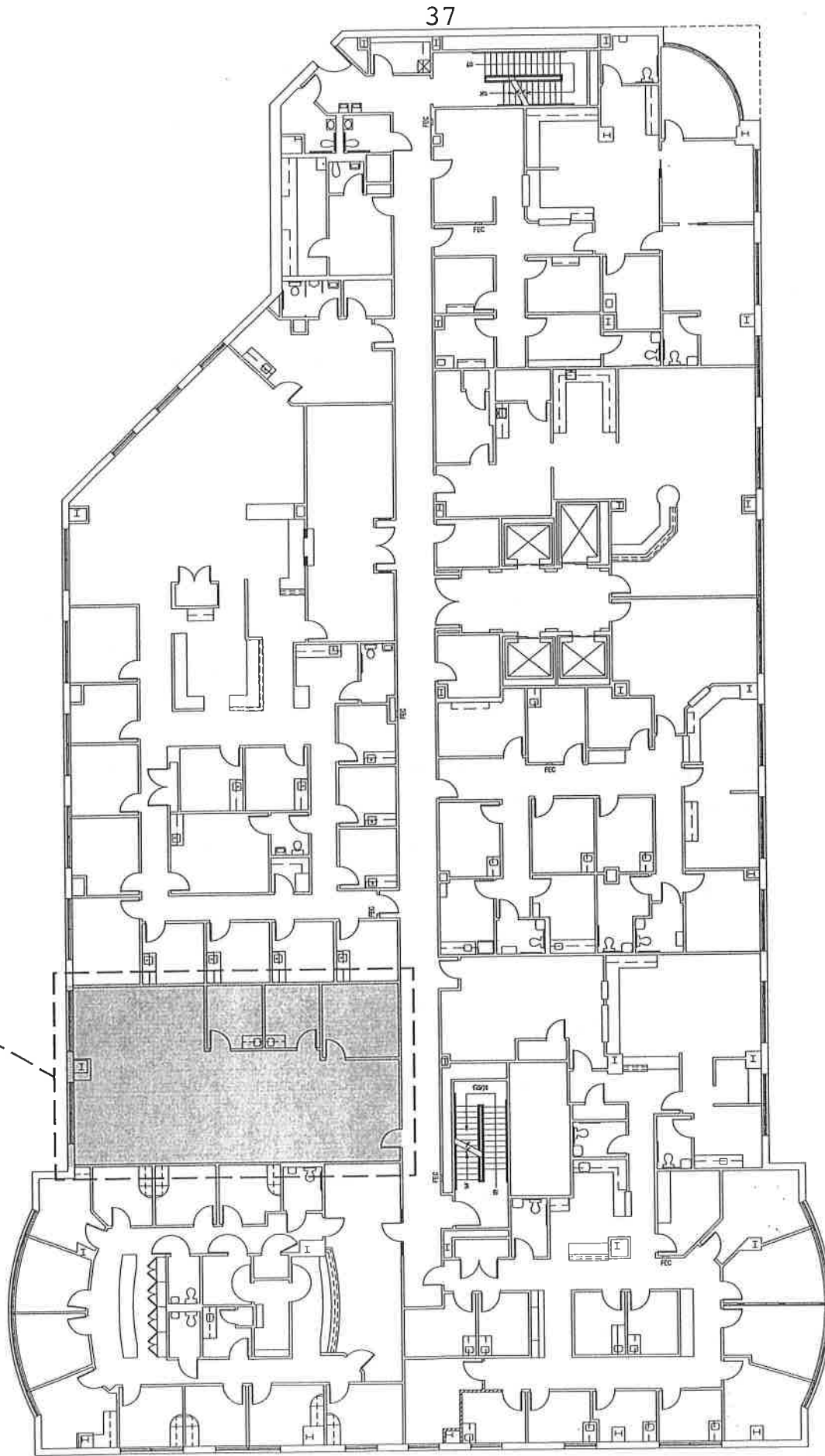


5/5/14

FIFTH FLOOR RENOVATIONS

Tristar Skyline Medical Center

REHAB GYM



37

5/5/14

SECOND FLOOR MOB RENOVATIONS

TriStar Skyline Medical Center

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART...

Not applicable; the project cost is below that review threshold.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

The estimated \$2,062,140 construction cost of the project is approximately \$219 per square foot, as shown in Table Three below.

Table Three-A: Construction Costs			
	Renovated Construction	New Construction	Total Project
Square Feet	9,422	0	9,422
Construction Cost	\$2,062,140	0	\$2,062,140
Constr. Cost PSF	\$218.86 PSF	0	\$218.86 PSF

This is reasonable in comparison to 2010-12 hospital construction projects approved by the HSDA, which had the following costs per SF. The project cost PSF is below third quartile averages for hospital renovation projects approved by the HSDA over the past three years.

Table Three-B: Hospital Construction Cost Per Square Foot Applications Approved by the HSDA Years: 2010 – 2012			
	Renovation	New Construction	Total Construction
1st Quartile	\$99.12/sq ft	\$234.64/sq ft	\$167.99/sq ft
Median	\$177.60/sq ft	\$259.66/sq ft	\$235.00/sq ft
3rd Quartile	\$249.00/sq ft	\$307.80/sq ft	\$274.63/sq ft

Source: Health Services and Development Agency website, 2014

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

This has been discussed in detail, with appropriate tables, in response to question B.II.A above. Please see pp. 7-9 above.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

1. ADULT PSYCHIATRIC SERVICES
2. ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS
3. BIRTHING CENTER
4. BURN UNITS
5. CARDIAC CATHETERIZATION SERVICES
6. CHILD AND ADOLESCENT PSYCHIATRIC SERVICES
7. EXTRACORPOREAL LITHOTRIPSY
8. HOME HEALTH SERVICES
9. HOSPICE SERVICES
10. RESIDENTIAL HOSPICE
11. ICF/MR SERVICES
12. LONG TERM CARE SERVICES
13. MAGNETIC RESONANCE IMAGING (MRI)
14. MENTAL HEALTH RESIDENTIAL TREATMENT
15. NEONATAL INTENSIVE CARE UNIT
16. NON-RESIDENTIAL METHADONE TREATMENT CENTERS
17. OPEN HEART SURGERY
18. POSITIVE EMISSION TOMOGRAPHY
19. RADIATION THERAPY/LINEAR ACCELERATOR
20. REHABILITATION SERVICES
21. SWING BEDS

As stated in the Executive Summary, This project is the second phase of a three-phase plan to convert the satellite campus to an exclusively behavioral medicine campus, concentrating all other bed resources on Skyline's main campus on I-65. The first phase, completed after receiving several CON approvals, was to move all the satellite's rehabilitation beds to the main campus. This application, the second phase, is focused primarily on moving critical care beds to the main campus in the fastest way possible--by internal renovations. The third phase, planned for the near future and a subsequent CON

application, is to move the rest of the satellite's medical-surgical and critical care beds to the main campus in a larger project requiring new construction. By the end of that phase, all unused licensed beds at the Madison campus will have been transferred to the main campus.

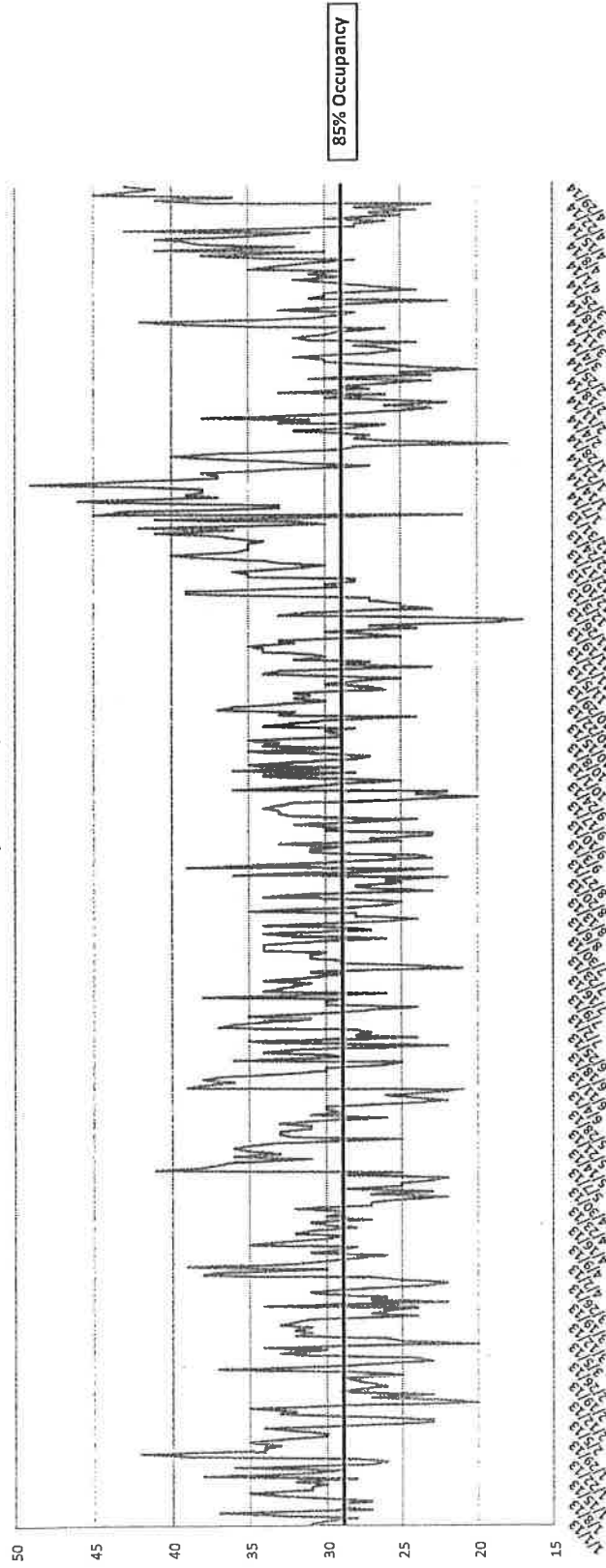
The second and third phases of bed relocations are urgently needed now. Bed availability during the week has become a major problem at the main campus. Its location on I-65 on the north edge of Davidson County provides its service area residents with rapid access to the main campus. The depth of its medical staff and scope of services have attracted steady increases in utilization, as surrounding suburban areas grow in population. On May 20, 2014, Skyline received the State's preliminary designation as a Trauma Center. This new level of service will boost admissions further, pushing existing ICU and medical-surgical beds even farther beyond reasonable occupancy levels. This project will quickly move as many beds as possible into existing renovated space, to gain capacity without the delays of new construction.

Utilization data illustrate the immediate need for the project. Skyline's critical care and medical-surgical beds are continuously occupied well above 85% occupancy during most weekdays. During the sixteen months from January 1, 2013 through April 2014, ICU beds exceeded 85% occupancy on 311 days, and 95% occupancy on 156 days. During that time, medical-surgical beds exceeded 85% occupancy on 166 days, and 95% occupancy on 32 days. The two graphs on the following pages show how both bed categories have experienced continuous spiking above the 85% occupancy level over the past 16 months.

Table Four below shows by calendar quarter the steady rise in average occupancy experienced in 2013. Critical care and observation days are included. This is based on 365 days a year. Medical-surgical occupancy calculated on Monday-Friday bed availability, the workweek for most medical-surgical activity, would be even higher.

Table Four: Skyline Main Campus--Quarterly Bed Occupancies in CY2013								
ICU Beds					Medical-Surgical Beds			
Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
86.5%	88.9%	86.4%	99.4%		79%	80%	78%	80%

TriStar Skyline Medical Center
ICU (Inpatient and Observation)
January 2013 - April 2014

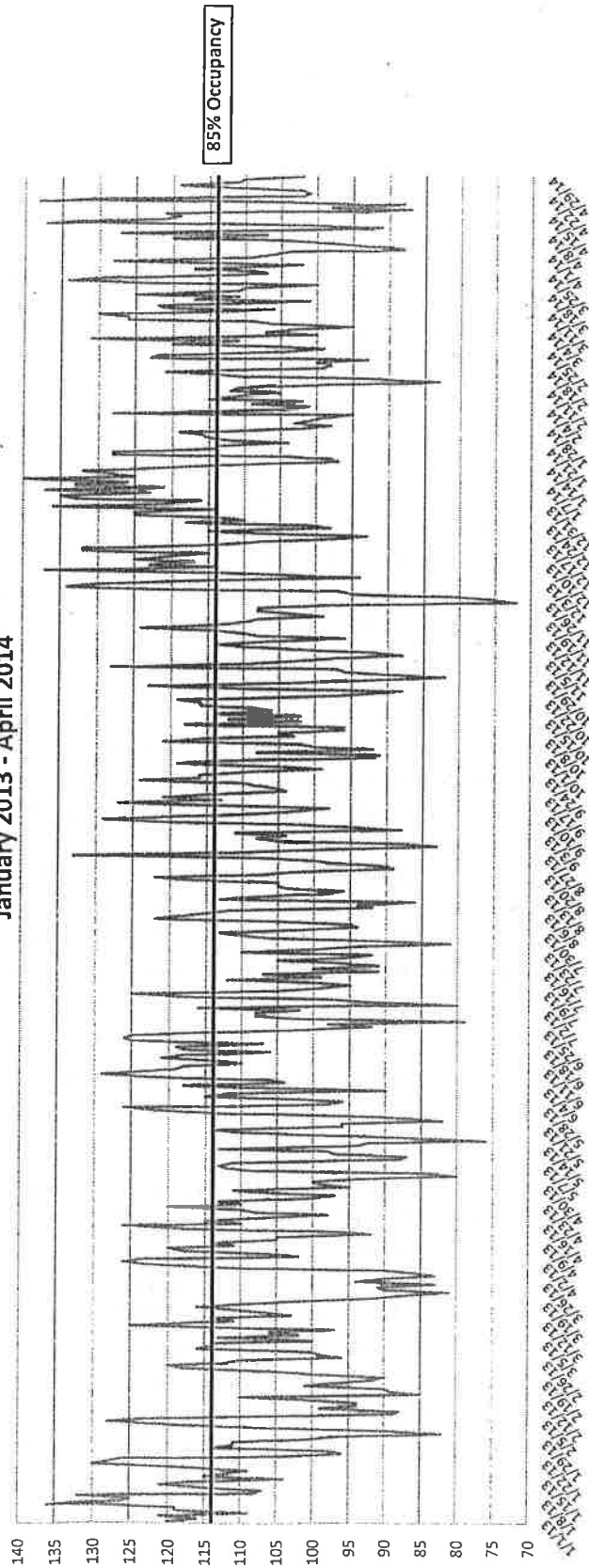


As Greater Nashville's population grows, the need to widely distribute beds to suburban growth areas of the city also increases. The CON Board has historically recognized this need, by repeatedly approving expansions of services and beds at suburban hospitals. This particular expansion does not expand this applicant's licensed bed complement; it only shifts Skyline's own licensed beds from one campus to another within the same county.

A significant factor to consider is that approximately 85% of Skyline's admitting physicians now practice primarily or almost exclusively at Skyline. Most cannot practice productively at multiple hospitals in central Davidson County, or in Gallatin, Springfield, or Hendersonville, which are a long drive from Skyline. It is problematic to ask unwilling patients to change physicians or service sites, simply to be able to fill up distant hospital beds. There is a need to maintain reasonable bed availability in north Davidson County, for those patients whose physicians need to care for them at Skyline. While many patients can wait for an admission, many others cannot--for example, many medical patients and those with emergency surgeries. Suburban bed need should be locally met when feasible.

Another major factor to consider is Skyline's May 20, 2014 designation as a Trauma Center. This expanded level of service will bring larger numbers of emergency patients to Skyline's main campus on I-65. Patients brought to a Trauma Center are not likely to choose to move to another hospital's ICU immediately after stabilization in the Emergency Department. This expansion of the Skyline Emergency Department's role in the region will result in even higher ICU admissions and medical-surgical admissions in coming years.

TriStar Skyline Medical Center
Med-Surg (Inpatient and Observation)
January 2013 - April 2014



B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

Not applicable. The project does neither of those things.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

1. For fixed site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total Cost (As defined by Agency Rule);
 2. Expected Useful Life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
 - b. Provide current and proposed schedule of operations.
2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost;
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.
3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable. There is no major medical equipment proposed in this project.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

1. SIZE OF SITE (IN ACRES);
2. LOCATION OF STRUCTURE ON THE SITE;
3. LOCATION OF THE PROPOSED CONSTRUCTION; AND
4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

Skyline Medical Center's main campus is located in the far north edge of Davidson County. It is beside I-65 a short distance north of I-65's intersection with Briley Parkway/TN 155, a road that circles through the northern, western, and eastern sectors of Nashville. Briley Parkway/TN155 also connect quickly to I-24. Residents of Montgomery County access Skyline easily via I-24. Robertson County residents access Skyline easily via I-65 and US 41 and 431 / Briley Parkway. Sumner County residents access Skyline easily via US 31E / Vietnam Veterans' Boulevard.

Table Five: Round-Trip Mileage and Drive Times Between Skyline and Other Medical-Surgical Beds In the Primary Service Area				
Location of Medical-Surgical Beds	Mileage 1-Way	Time 1-Way	Mileage Rd-Trip	Time Rd-Trip
Centennial Medical Center	8.9 miles	13 min.	17.8 miles	26 min.
Metro NV General Hospital	8.7 miles	13 min.	17.4 miles	26 min.
Saint Thomas Midtown Hospital	8.5 miles	12 min.	17.0 miles	24 min.
Saint Thomas West Hospital	11.2 miles	15 min.	22.4 miles	30 min.
Southern Hills Medical Center	14.9 miles	20 min.	29.8 miles	40 min.
Summit Medical Center	17.7 miles	22 min.	35.4 miles	44 min.
The Center for Spinal Surgery	8.3 miles	12 min.	16.6 miles	24 min.
Vanderbilt Medical Center	9.3 miles	15 min.	18.6 miles	30 min.
Northcrest Medical Center	22.2 miles	26 min.	44.4 miles	52 min.
Hendersonville Medical Center	12.4 miles	14 min.	24.8 miles	28 min.
Sumner Regional Medical Center	24.8 miles	29 min.	49.6 miles	58 min.
Gateway Medical Center	41.0 miles	39 min.	82.0 miles	78 min.

Source: Google Maps, May 2014. All facilities are in Davidson County, except Northcrest (Robertson), Hendersonville and Sumner (Sumner), Gateway (Montgomery).

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

- 1. EXISTING SERVICE AREA (BY COUNTY);**
- 2. PROPOSED SERVICE AREA (BY COUNTY);**
- 3. A PARENT OR PRIMARY SERVICE PROVIDER;**
- 4. EXISTING BRANCHES AND/OR SUB-UNITS; AND**
- 5. PROPOSED BRANCHES AND/OR SUBUNITS.**

Not applicable. The application is not for a home care organization.

C(I) NEED

C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.

A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.

B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

Project-Specific Review Criteria--Acute Care Bed Services

From an areawide planning standpoint, this project should not have any issues because it does not increase the Skyline bed license or the licensed beds in the service area. It involves relocation of a net of 10 beds a distance of several miles within the county, and even within the same northern half of the county.

1. The following methodology should be used and the need for hospital beds should be projected four years into the future from the current year...(guidelines detail the steps of the bed need projection methodology; see pp. 15-16 of Guidelines for Growth.)

The Tennessee Department of Health's most recently issued bed need projection (for 2014-2018) is provided following this response. It indicates a surplus of 1,209 beds in the four-county area; but this project does not affect that perceived surplus in any way.

Table Six: Project Has No Impact On Licensed Hospital Beds in the Service Area					
PSA County	Licensed Beds	Bed Need or (Surplus) 2018	Proposed New Licensed Beds	% of Licensed Beds	% of Bed Surplus
Davidson	3,754	(940)	0	0	0
Montgomery	270	(105)	0	0	0
Robertson	109	(44)	0	0	0
Sumner	303	(120)	0	0	0
Primary Service Area	4,436	(1,209)	0	0	0

Source: TN Department of Health Hospital Bed Need Projection, 2014-2018.

ACUTE-CARE BED NEED PROJECTIONS FOR 2014 AND 2018, BASED ON FINAL 2012 HOSPITAL JARS

COUNTY	2012		CURRENT NEED	SERVICE AREA POPULATION			PROJECTED		PROJECTED		2012 ACTUAL BEDS		SHORTAGE/SURPLUS	
	INPATIENT DAYS	ADC		2012	2014	2018	ADC-2014	NEED 2014	ADC-2018	NEED 2018	LICENSED	STAFFED	LICENSED	STAFFED
Anderson	47,731	131	134	94,639	95,470	97,048	132	165	134	168	301	255	-133	-87
Beauford	7,281	20	30	17,853	18,323	19,505	20	31	22	33	60	60	-27	-27
Benton	1,959	5	11	2,278	2,264	2,243	5	11	5	11	25	12	-14	-1
Bledsoe	2,984	8	15	2,088	2,078	2,085	8	15	8	15	25	25	-10	-10
Blount	51,235	140	176	97,454	99,770	104,941	144	180	151	189	304	238	-115	-49
Bradley	38,232	105	131	82,623	84,112	87,052	107	133	110	138	351	207	-213	-69
Campbell	18,681	51	38	21,557	21,827	22,326	52	69	53	70	120	97	-50	-27
Cannon	6,638	18	28	3,813	3,874	3,969	18	29	19	29	60	50	-31	-21
Carroll	6,718	18	28	14,137	14,118	14,111	18	28	18	28	115	68	-87	-40
Carter	15,622	43	58	29,978	30,095	30,448	43	58	43	59	121	79	-62	-20
Cheatham	1,549	4	9	1,364	1,381	1,413	4	9	4	9	12	12	-3	-3
Chester	7,878	22	32	12,643	12,753	13,009	22	33	22	33	85	39	-52	-6
Claiborne	5,592	15	24	5,364	5,343	5,345	15	24	15	24	36	34	-12	-10
Clay	7,541	21	31	16,066	16,425	17,225	21	32	22	33	74	36	-41	-3
Coffee	31,305	86	107	56,704	57,545	59,957	87	109	91	113	214	159	-101	-46
Crockett	21,801	60	78	45,561	46,213	48,038	61	79	63	81	189	123	-108	-42
Cumberland	763,385	2,092	2,614	1,451,264	1,488,518	1,562,068	2,145	2,681	2,251	2,814	3,754	3,129	-940	-314
Davidson	3,411	9	16	5,011	5,052	5,157	9	17	10	17	40	27	-23	-100
Decatur	4,110	11	19	7,665	7,707	7,805	11	19	12	19	71	56	-52	-37
DeKalb	18,017	49	66	33,604	33,850	34,413	50	66	51	67	157	120	-90	-53
Dickson	12,937	35	49	33,319	33,224	33,183	35	49	35	49	225	120	-176	-71
Dyer	714	2	5	2,325	2,406	2,603	2	5	2	6	46	10	-40	-4
Fayette	0	0	0	33,182	33,338	33,983	62	80	63	81	152	110	-71	-29
Fentress	22,404	61	30	7,947	8,051	8,206	14	23	14	23	209	90	-186	-67
Franklin	5,069	14	23	12,333	12,327	12,331	25	37	25	37	95	81	-58	-44
Gibson	9,124	25	37	50,076	50,565	51,689	76	97	78	99	240	170	-141	-71
Giles	27,601	76	96	76,894	77,909	80,095	110	137	113	141	302	212	-161	-71
Grainger	39,464	108	135	696,028	710,184	736,123	1,098	1,372	1,138	1,423	1,551	1,235	-128	188
Greene	392,786	1,076	1,345	1,661	1,655	1,652	3	8	3	8	10	10	-2	-2
Grundy	1,229	3	8	2,537	2,508	2,480	2	6	2	6	51	23	-45	-17
Hamblen	815	2	6	14,725	14,795	14,963	20	30	20	30	58	49	-28	-19
Hamilton	7,103	20	30	10,354	10,441	10,555	10	17	10	17	50	46	-33	-29
Hancock	3,542	10	17	3,872	3,831	3,811	4	9	4	9	62	36	-53	-27
Hardeman	1,617	4	9	6,143	6,182	6,284	7	13	7	13	45	45	-32	-32
Hardin	2,444	7	13	28,422	28,546	28,712	46	62	46	62	142	101	-80	-39
Hawkins	16,775	46	62	1,425	1,427	1,444	1	4	1	4	15	15	-11	-11
Haywood	492	1	4	4,017	4,052	4,109	8	15	8	15	25	25	-10	-10
Henderson	2,870	8	14	3,463	3,466	3,477	5	10	5	10	25	25	-15	-15
Henry	1,697	5	10											
Hickman														
Houston														
Humphreys														

ACUTE-CARE BED NEED PROJECTIONS FOR 2014 AND 2018, BASED ON FINAL 2012 HOSPITAL JARS

COUNTY	2012		CURRENT		SERVICE AREA POPULATION			PROJECTED			2012 ACTUAL BEDS			SHORTAGE/SURPLUS	
	INPATIENT DAYS	ADC	NEED		2012	2014	2018	ADC-2014	NEED 2014	ADC-2018	NEED 2018	LICENSED	STAFFED	LICENSED	STAFFED
Jackson	8,533	23	35		17,351	17,752	18,648	24	35		25	37	58	58	-21
Jefferson	51	0	1		233	232	232	0	1		0	1	2	2	-1
Johnson	442,861	1,213	1,517		781,145	797,585	831,502	1,239	1,549		1,292	1,614	1,877	1,777	-163
Knox															
Lake	3,044	8	15		4,293	4,252	4,218	8	15		8	15	25	25	-10
Lauderdale	9,298	26	37		18,503	18,540	18,545	26	37		26	37	99	80	-43
Lawrence															
Lewis	7,435	20	31		17,852	18,159	18,898	21	31		22	32	59	59	-27
Lincoln	6,123	17	26		12,093	12,365	12,912	17	27		18	28	50	30	-22
Loudon	15,973	44	59		32,166	32,503	33,184	44	60		45	61	190	111	-50
McMinn	4,953	14	22		11,089	11,200	11,451	14	22		14	23	45	45	-22
McNairy	3,793	10	18		5,934	6,057	6,301	11	18		11	19	25	25	-6
Macon	179,979	493	616		281,828	283,339	286,657	496	620		502	627	787	729	-102
Madison	14,492	40	54		9,647	9,762	9,980	40	55		41	56	70	63	-7
Marion	675	2	5		1,895	1,911	1,956	2	5		2	5	25	12	-7
Marshall	42,096	115	144		102,509	102,974	104,036	116	145		117	146	255	215	-69
Maury															
Meigs	10,213	28	40		18,562	18,905	19,665	29	41		30	42	59	59	-17
Monroe	43,692	120	150		126,007	130,796	139,341	124	155		132	165	270	220	-90
Montgomery															
Moore															
Morgan	10,628	29	42		20,715	20,637	20,560	29	42		29	41	173	85	-44
Obion	16,555	45	61		21,794	22,030	22,558	46	62		47	63	114	82	-19
Overton	6,000	16	26		5,114	5,146	5,192	17	26		17	26	53	25	1
Perry															
Pickett															
Polk	0	0	0		105,866	108,424	113,926	174	217		183	228	25	25	-15
Putnam	61,949	170	212		7,701	7,893	8,211	10	17		10	18	25	25	-7
Rhea	3,533	10	17		13,068	13,113	13,243	18	28		18	28	105	36	-8
Roane	6,593	18	28		28,555	29,416	31,016	46	62		49	65	109	66	-1
Robertson	16,379	45	61		229,262	241,520	267,897	231	289		257	321	387	369	-48
Rutherford	80,182	220	275												
Scott															
Sequatchie															
Sevier	13,019	36	50		37,258	38,189	40,405	37	51		39	53	79	69	-16
Shelby	934,049	2,559	3,199		1,416,974	1,430,639	1,457,026	2,584	3,230		2,631	3,289	4,177	3,115	174
Smith	10,604	29	42		13,707	13,945	14,448	30	42		31	44	98	85	-41
Stewart															
Sullivan	242,753	665	831		417,761	423,735	435,560	675	843		693	867	1,056	769	98
Sumner	48,799	134	167		115,476	119,215	126,486	138	173		146	183	303	213	-30
Tipton	4,341	12	20		12,974	13,252	13,875	12	20		13	21	100	44	-79
Trousdale	1,678	5	10		2,060	2,117	2,220	5	10		5	10	25	21	-11
Unicoi	4,283	12	20		6,172	6,198	6,244	12	20		12	20	48	7	13

ACUTE-CARE BED NEED PROJECTIONS FOR 2014 AND 2018, BASED ON FINAL 2012 HOSPITAL JARS

COUNTY	2012		CURRENT		SERVICE AREA POPULATION			PROJECTED		PROJECTED		2012 ACTUAL BEDS		SHORTAGE/SURPLUS	
	INPATIENT	ADC	NEED	NEED	2012	2014	2018	ADC-2014	NEED 2014	ADC-2018	NEED 2018	LICENSED	STAFFED	LICENSED	STAFFED
	DAYS														
Union															
Van Buren	11,619	32	45	*	21,743	21,931	22,287	32	45	33	46	125	48	-79	-2
Warren	167,908	460	575	*	202,955	206,820	214,435	469	586	486	608	581	581	27	27
Washington	1,990	6	11	*	4,701	4,683	4,647	5	11	5	11	80	32	-69	-21
Wayne	6,398	18	27	*	17,299	17,478	17,808	18	27	18	28	100	65	-72	-37
Weakley	7,122	20	30	*	10,543	10,722	11,141	20	30	21	31	60	44	-29	-13
White	31,464	86	108	*	99,271	103,289	111,805	90	112	97	121	185	185	-64	-64
Williamson	34,781	95	119	*	56,265	58,335	62,267	99	124	105	132	245	245	-113	-113
Wilson															

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

11/14/2013

Data from Final JAR-Hospitals Schedules F and G. Underlying Tennessee population estimates and projections (2013 Series) from Office of Health Statistics. Projections and estimates for other states obtained from those states.

2. New hospital beds can be approved in excess of the “need standard for a county” if the following criteria are met:

a) All existing hospitals in the projected service area have an occupancy level greater than or equal to 80% for the most recent joint annual report. Occupancy should be based on the number of licensed beds rather than on staffed beds.

b) All outstanding new acute care bed CON projects in the proposed service area are licensed.

c) The Health Facilities Agency may give special consideration to acute care bed proposals for specialty health service units in tertiary care regional referral hospitals.

Not applicable. This project does not add licensed beds to the county.

Project-Specific Review Criteria: Replacement of Health Care Institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Not applicable. The project does none of those.

2. For relocation or replacement of an existing licensed healthcare institution:

a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Not applicable; the project is not relocating or replacing an institution.

3. For renovation or expansion of an existing licensed healthcare institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

This has been extensively presented in Section B.II.B. above (Project Need), pp. 16-20 of the application. Repeating the data, Skyline’s critical care and medical-surgical beds are continuously occupied well above 85% occupancy during most weekdays. During the sixteen months from January 1, 2013 through April 2014, ICU beds exceeded 85% occupancy on 311 days, and 95% occupancy on 156 days. During that time, medical-surgical beds exceeded 85% occupancy on 166 days, and 95% occupancy on 32

days. The two graphs on pages 18-19 show how both bed categories have experienced continuous spiking above the 85% occupancy level over the past 16 months.

Table Four below shows by calendar quarter the steady rise in average occupancy experienced in 2013. Critical care and observation days are included. This is based on 365 days a year. Medical-surgical occupancy calculated on Monday-Friday bed availability, the workweek for most medical-surgical activity, would be even higher.

Table Four (Repeated): Skyline Main Campus--Quarterly Bed Occupancies CY2013								
ICU Beds					Medical-Surgical Beds			
Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
86.5%	88.9%	86.4%	99.4%		79%	80%	78%	80%

b. the applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Not applicable, in that this is not a renovation of deficient structures that would require cost analysis of alternative building solution. It is only a renovation of space to achieve maximum bed capacity on several patient floors.

The Framework for Tennessee's Comprehensive State Health Plan Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.

Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

This project will enable Skyline Medical Center to continue to assure appropriate medical and surgical intervention for patients residing in its service area, where those patients would have difficulty utilizing another hospital without changing their physician, and/or driving long distances.

2. Access to Care

Every citizen should have reasonable access to health care.

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

Skyline was originally constructed to replace the old Memorial Hospital in Madison. It has since become a primary hospital resource for large numbers of residents of a four-county service area. The relocation of its licensed beds from an area where they cannot be used, to the main campus where they are much needed, will improve area patients' convenient access to care in this part of the greater Nashville urban area.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

This project efficiently utilizes existing main campus building space, and relocates only beds belonging to this hospital. It is not a project that impacts competition among hospitals in any significant way. It is also efficient for persons coming to the Skyline

Emergency Department to be able to have access to inpatient beds on the same campus, after stabilization, should they so choose.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

TriStar hospitals such as Skyline Medical Center pursue and maintain high quality standards in their services, as defined by best practices standards within HCA as well as by standards promulgated by State licensure.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

This project will not affect the health care workforce to any significant degree.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

As stated above in other sections of the application, this project is the second phase of a three-phase plan to convert the satellite campus to an exclusively behavioral medicine campus, concentrating all other inpatient resources on Skyline's main campus on I-65. The first phase, completed after receiving several CON approvals, was to move all the satellite's rehabilitation beds to the main campus. This application, the second phase, is focused primarily on moving critical care beds to the main campus in the fastest way possible--by internal renovations. The third phase, planned for the near future and a subsequent CON application, is to move the rest of the satellite's medical-surgical and critical care beds to the main campus in a larger project requiring new construction.

C(1).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

Skyline Medical Center receives approximately 81.9% of its admissions from Davidson, Sumner, Robertson, and Montgomery Counties, as shown in Table Seven below. Table Seven below projects patient origin for medical-surgical and ICU admissions combined, mirroring the hospital's 2013 experience.

A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

Table Seven: Projected Patient Origin Skyline Medical Center Medical-Surgical ICU and Medical-Surgical Admissions			
PSA County	Percent of Total	Yr. 1 Admissions	Yr. 2 Admissions
Davidson	57.2%	5,910	6,155
Sumner	11.3%	1,168	1,216
Robertson	8.4%	868	904
Montgomery	5.0%	516	538
PSA Subtotal	81.9%	8,462	8,813
Other Counties or States (each <4%)	18.1%	1,870	1,947
Total	100.0%	10,332	10,760

Source: Applicant's CY2013 records. Data rounded to add to correct total admissions.

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Please refer to Table Eight on the following page. The 4-county primary service area is increasing in population faster than the State average. The State projects that the total population will increase by 5.0% between 2014 and 2018, compared to 3.7% for the State in that period. The elderly 65+ population will increase by 15.7%, compared to 12.3% for the State in that period. The primary service area's income, poverty and TennCare profiles differ somewhat from the State average. The primary service area shows a 16.2% TennCare enrollment rate compared to 18.1% for Tennessee. The area has an unweighted average poverty level of 14.4%, compared to a 17.3% Statewide rate.

**Table Eight: Demographic Characteristics of Project Service Area
Skyline Medical Center
2014-2018**

Demographic	Davidson County	Montgomery County	Robertson County	Sumner County	PSA	STATE OF TENNESSEE
Median Age-2010 US Census	33.9	30.0	37.6	38.6	35.0	38.0
Total Population-2014	656,385	187,649	70,391	172,262	1,086,687	6,588,698
Total Population-2018	682,330	200,561	74,371	183,406	1,140,668	6,833,509
Total Population-% Change 2014 to 2018	4.0%	6.9%	5.7%	6.5%	5.0%	3.7%
Age 65+ Population-2014	74,375	16,292	8,126	25,164	123,957	981,984
% of Total Population	11.3%	8.7%	11.5%	14.6%	11.4%	14.9%
Age 65+ Population-2018	85,594	18,946	9,221	29,697	143,458	1,102,413
% of Total Population	12.5%	9.4%	12.4%	16.2%	12.6%	16.1%
Age 65+ Population- Change 2014-2018	15.1%	16.3%	13.5%	18.0%	15.7%	12.3%
Age 18-64 Population-2014	431,523	116,312	45,258	105,847	698,940	4,101,723
% of Total Population	65.7%	62.0%	64.3%	61.4%	64.3%	62.3%
Age 18-64 Population-2018	433,351	120,878	50,507	111,550	716,286	4,204,944
% of Total Population	63.5%	60.3%	67.9%	60.8%	62.8%	61.5%
Age 18-64 Population- % Change 2014-2018	0.4%	3.9%	11.6%	5.4%	2.5%	2.5%
Age 0-17 Population-2014	150,487	55,045	17,007	41,251	263,790	1,504,991
% of Total Population	22.9%	29.3%	24.2%	23.9%	24.3%	22.8%
Age 0-17 Population-2018	163,385	60,737	14,643	42,159	280,924	1,526,512
% of Total Population	23.9%	30.3%	19.7%	23.0%	24.6%	22.3%
Age 0-17 Population- Change 2014-2018	8.6%	10.3%	-13.9%	2.2%	6.5%	1.4%
Median Household Income	\$46,676	\$49,459	\$52,588	\$55,560	\$51,070.75	\$44,140
TennCare Enrollees (01/14)	118,194	23,974	10,862	22,935	175,965	1,190,766
Percent of 2014 Population Enrolled in TennCare	18.0%	12.8%	15.4%	13.3%	16.2%	18.1%
Persons Below Poverty Level	121,431	30,399	9,151	16,882	177,863	1,139,845
Persons Below Poverty Level As % of Population (US Census)	18.5%	16.2%	13.0%	9.8%	14.4%	17.3%

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts and FactFinder2;
TennCare Bureau. PSA data is unweighted average or total of county data.
NR means not reported in U.S. Census source document.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

Like other services of Skyline Medical Center, this proposed small medical-surgical bed expansion will be accessible to the above groups. It will accept both Medicare and TennCare patients.

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

Table Nine on the following page shows all available Joint Annual Report data on acute care bed utilization for service area hospitals. The C2013 data are not yet available; so these data are almost two years prior to the current year. The overall service area occupancy of comparable licensed general hospital facilities in 2012 was 57.7%, and it has been increasing slowly over the years. For the years 2010-12, beds and overall average length of stay have remained constant--while patient days and average occupancies have been increasing.

However, these TDH statistics do not include observation days, which have become significant factors for most hospitals, because observation patients in fact occupy beds and their care is reimbursed at lower levels by insurers. If these patients were included in JAR statistics, hospitals' occupancies would be higher. As an example, see Skyline's Table Ten in the next section of this application.

**Table Nine (Revised): General Acute Care Hospital Utilization in Primary Service Area
2010-2012**

2010 Joint Annual Reports of Hospitals								
State ID	Facility Name	County	Licensed Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupancy on Licensed Beds
-	Centennial Medical Center	Davidson	606	23,930	145,665	6.1	399	65.9%
-	Metro NV General Hospital	Davidson	150	4,925	22,987	4.7	63	42.0%
-	Saint Thomas Midtown Hospital	Davidson	683	24,438	115,299	4.7	316	46.3%
-	Saint Thomas West Hospital	Davidson	541	22,806	102,851	4.5	282	52.1%
-	Skyline Medical Center, Nashville	Davidson	213	8,950	48,437	5.4	133	62.3%
-	Southern Hills Medical Center	Davidson	120	3,580	15,042	4.2	41	34.3%
-	Summit Medical Center	Davidson	188	9,148	38,786	4.2	106	56.5%
-	The Center for Spinal Surgery	Davidson	23	1,273	1,702	1.3	5	20.3%
-	Vanderbilt Medical Center	Davidson	916	48,972	265,095	5.4	726	79.3%
-	Gateway Medical Center	Montgomery	270	12,014	44,213	3.7	121	44.9%
-	Northcrest Medical Center	Robertson	109	5,247	18,622	3.5	51	46.8%
-	Hendersonville Medical Center	Sumner	110	4,608	17,618	3.8	48	43.9%
-	Sumner Regional Medical Center	Sumner	155	6,837	27,359	4.0	75	48.4%
	SERVICE AREA TOTALS		4,084	176,728	863,676	4.9	2,366	57.9%
2011 Joint Annual Reports of Hospitals								
State ID	Facility Name	County	Licensed Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupancy on Licensed Beds
	Centennial Medical Center	Davidson	606	23,187	139,114	6.0	381	62.9%
	Metro NV General Hospital	Davidson	150	4,570	21,027	4.6	58	38.4%
	Saint Thomas Midtown Hospital	Davidson	683	24,448	113,135	4.6	310	45.4%
	Saint Thomas West Hospital	Davidson	541	22,623	102,534	4.5	281	51.9%
	Skyline Medical Center, Nashville	Davidson	213	9,152	51,710	5.7	142	66.5%
	Southern Hills Medical Center	Davidson	120	3,548	15,693	4.4	43	35.8%
	Summit Medical Center	Davidson	188	9,984	39,877	4.0	109	58.1%
	The Center for Spinal Surgery	Davidson	23	1,127	1,505	1.3	4	17.9%
	Vanderbilt Medical Center	Davidson	916	49,174	275,500	5.6	755	82.4%
	Gateway Medical Center	Montgomery	270	11,337	43,753	3.9	120	44.4%
	Northcrest Medical Center	Robertson	109	4,173	17,535	4.2	48	44.1%
	Hendersonville Medical Center	Sumner	110	4,748	18,732	3.9	51	46.7%
	Sumner Regional Medical Center	Sumner	155	6,566	26,274	4.0	72	46.4%
	SERVICE AREA TOTALS		4,084	174,637	866,389	5.0	2,374	58.1%
2012 Joint Annual Reports of Hospitals								
State ID	Facility Name	County	Licensed Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupancy on Licensed Beds
	Centennial Medical Center	Davidson	606	25,830	147,903	5.7	405	66.9%
	Metro NV General Hospital	Davidson	150	4,069	17,401	4.3	48	31.8%
	Saint Thomas Midtown Hospital	Davidson	683	24,189	112,163	4.6	307	45.0%
	Saint Thomas West Hospital	Davidson	541	22,621	100,202	4.4	275	50.7%
	Skyline Medical Center, Nashville	Davidson	213	9,773	52,021	5.3	143	66.9%
	Southern Hills Medical Center	Davidson	120	4,077	17,845	4.4	49	40.7%
	Summit Medical Center	Davidson	188	10,779	42,722	4.0	117	62.3%
	The Center for Spinal Surgery	Davidson	23	1,144	1,519	1.3	4	18.1%
	Vanderbilt Medical Center	Davidson	916	50,240	275,013	5.5	753	82.3%
	Gateway Medical Center	Montgomery	270	11,248	41,483	3.7	114	42.1%
	Northcrest Medical Center	Robertson	109	3,836	15,747	4.1	43	39.6%
	Hendersonville Medical Center	Sumner	110	5,551	20,434	3.7	56	50.9%
	Sumner Regional Medical Center	Sumner	155	6,790	27,948	4.1	77	49.4%
	SERVICE AREA TOTALS		4,084	180,147	872,401	4.8	2,390	58.5%

Note: Tables exclude dedicated rehabilitation, long-term acute, and psychiatric facilities.

C(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

Skyline Medical Center's main campus on Interstate 65 has rapidly developed its acute care programs in recent years, resulting in increasing admissions requests. Almost a decade ago, Skyline received the State's first Accreditation as a Primary Stroke Care Center; and then became the State's first Comprehensive Stroke Center in 2013. It has been named one of 100 Top Hospitals by Truven Health Analytics. Its Cancer Program is accredited by the Commission on Cancer, which also awarded Skyline its Outstanding Achievement Award in 2012. It is a certified Chest Pain Center with PCI. Its Neurosurgery services are recognized widely for excellence. As a result of these and other service improvements, the hospital's bed resources are stretched very tightly.

Table Ten on the following page provides Skyline's actual utilization by bed assignment, for the prior three years (CYP2011-13), and projected utilization by bed assignment for CY2014-2016. The methodologies for the projections are summarized below.

In the table, please note the significant difference in "occupancy" when considering observation patients along with fully admitted patients. With continuing insurer pressures to place patients in "observation" status rather than "inpatient" status through formal admission, hospitals are using increasing numbers of their beds for observation care (which is reimbursed at a lower rate, or not at all, by payors). Page 25 of the Joint Annual Report has long been used by health planners to calculate "occupancy"; but this ignores the growing numbers of persons lying in hospital beds in observation status, and reimbursed by insurers. That is unacceptable for meaningful bed need planning. This current year, Skyline's occupancy on its medical-surgical beds calculated only on "admitted" patients is projected to be approximately 70%; but calculated rationally on both admitted and observation patients, it will be almost 80%.

Sources and Assumptions For the Utilization Table

Throughout the table, historical data is from hospital internal records. Projected data is based on the following methodologies.

A. Medical-Surgical Utilization

1. Medical-surgical admissions increased an average of approximately 6% per year from 2011 through 2013. Skyline projects continuing admissions increases of at least 4% per year after 2013 and through 2017. This may well be exceeded; but a conservative projection is appropriate here. Growth in admissions will come not only from growth in service lines such as neurology and neurosurgery; it will also experience a surge from Skyline's anticipated Trauma Center program that will soon begin operation.

2. The average length of stay in 2013 was approximately 5.2 days. That ALOS was held constant from 2014 through 2017.

3. Observation days in 2013 were 4,145 days, which was 63.1% of medical-surgical admissions (ratio preferred by CFO). That 63.1% factor was continued in projecting observation days through 2017.

B. Critical Care Utilization

1. ICU Admissions increased 2.5% from 2012 to 2013; that was used to project 2014; and then 4.5% annual increases were projected thereafter, through 2017. This recognizes the anticipated impact of the Trauma Center program.

2. Average length of stay has been increased from 2011 to 2013. It is projected to increase 2% annually after 2013, due to the Trauma Center program and other factors. This results in approximately a 4.3 day ALOS in 2017, compared to approximately 4.0 in 2013.

3. Observation days in 2013 were 223 days. That was 8.5% of medical-surgical admissions. That 8.5% factor was continued in projecting observation days through 2017.

C. Rehabilitation

1. Admissions increased approximately 5.5% annually from 2011 to 2013. They were projected to increase 2% annually through 2017.

2. Average Length of Stay was held at 14.4 days in 2014, and 15.5 days from 2015-2017, again reflecting anticipated impact of the Trauma Center and other hospital initiatives.

Table Ten: Skyline Medical Center Main Campus
Actual and Projected Licensed Bed Utilization, CY2011-2017
REVISED 5:05 PM MAY 14

	Actual 2011	Actual 2012	Actual 2013	Projected 2014	Projected 2015	Year One Projected 2016	Year Two Projected 2017
Total Beds	213	213	213	213	218	223	223
Admissions	9,150	9,798	10,033	10,378	10,790	11,218	11,664
Patient Days	51,490	52,352	55,814	58,695	62,036	64,549	67,177
ALOS on Admissions	6	5	5.6	6	6	6	6
ADC on Admissions	141.1	143.4	152.9	160.8	170.0	176.8	184.0
Occupancy on Admissions	66.2%	67.3%	71.8%	75.5%	78.0%	79.3%	82.5%
23-Hour Observation Days	3,901	4,309	4,368	4,540	4,723	4,913	5,110
Total Bed Days	55,391	56,661	60,182	63,235	66,758	69,462	72,288
Total ADC	151.8	155.2	164.9	173.2	182.9	190.3	198.0
Total Occupancy	71.2%	72.9%	77.4%	81.3%	83.9%	85.3%	88.8%
Medical-Surgical Beds	138	138	138	138	138	137	137
Admissions	5,837	6,483	6,569	6,832	7,105	7,389	7,685
Patient Days	30,410	31,770	33,398	35,525	36,946	38,424	39,961
ALOS on Admissions	5.2	4.9	5.1	5.2	5.2	5.2	5.2
ADC on Admissions	83.3	87.0	91.5	97.3	101.2	105.3	109.5
Occupancy on Admissions	60.4%	63.1%	66.3%	70.5%	73.3%	76.8%	79.9%
23-Hour Observation Days	3,683	4,091	4,145	4,311	4,483	4,663	4,849
Total Bed Days	34,093	35,861	37,543	39,836	41,429	43,087	44,810
Total ADC	93.4	98.2	102.9	109.1	113.5	118.0	122.8
Total Occupancy	67.7%	71.2%	74.5%	79.1%	82.3%	86.2%	89.6%
ICU Beds	34	34	34	34	39	45	45
Admissions	2,562	2,564	2,629	2,695	2,816	2,943	3,075
Patient Days	9,592	9,830	10,431	10,906	11,624	12,390	13,207
ALOS on Admissions	3,744	3,834	3,968	4,047	4,128	4,211	4,295
ADC on Admissions	26.3	26.9	28.6	29.9	31.8	33.9	36.2
Occupancy on Admissions	77.3%	79.2%	84.1%	87.9%	81.7%	75.4%	80.4%
23-Hour Observation Days	218	218	223	229	239	250	261
Total Bed Days	9,810	10,048	10,654	11,135	11,864	12,640	13,468
Total ADC	26.9	27.5	29.2	30.5	32.5	34.6	36.9
Total Occupancy	79.0%	81.0%	85.9%	89.7%	83.3%	77.0%	82.0%
Rehabilitation Beds	41	41	41	41	41	41	41
Admissions	751	751	835	852	869	886	904
Patient Days	11,488	10,752	11,985	12,264	13,465	13,735	14,009
ALOS on Admissions	15,297	14,317	14,353	14,400	15,500	15,500	15,500
ADC on Admissions	31.5	29.5	32.8	33.0	33.0	33.0	33.0
Occupancy on Admissions	76.8%	71.8%	80.1%	80.5%	80.5%	80.5%	80.5%
23-Hour Observation Days	0	0	0	0	0	0	0
Total Bed Days	11,488	10,752	11,985	12,264	13,465	13,735	14,009
Total ADC	31.5	29.5	32.8	33.6	36.9	37.6	38.4
Total Occupancy	76.8%	71.8%	80.1%	82.0%	90.0%	91.8%	93.6%

Source: Skyline management.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- **ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.**

- **THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.**

- **THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.**

- **FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.**

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1. On the Project Costs Chart, following this response:

Line A.1, A&E fees, were estimated by the project architect.

Line A.2, legal, administrative, and consultant fees, include a contingency for additional expenses that may be incurred in the event of opposition before the Board.

Line A.5, construction cost, was calculated at approximately \$218.86 PSF renovation cost for both components of the project. The estimate was made by HCA Corporate Design and Construction staff.

Line A.8 includes both fixed and moveable equipment costs, estimated by HCA Corporate Design and Construction staff. It includes information systems and telecommunications upgrades and replacements.

Line A.9 is an allowance for furnishings, decoration, and miscellaneous permits. It was estimated by HCA Corporate Design and Construction staff.

PROJECT COSTS CHART--SKYLINE MEDICAL CENTER BED ADDITIONS

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	\$	60,000
2. Legal, Administrative, Consultant Fees (Excl CON Filing)		50,000
3. Acquisition of Site		0
4. Preparation of Site		0
5. Construction Cost 9422 SF @ \$218.86 PSF		2,062,140
6. Contingency Fund		208,721
7. Fixed Equipment (Not included in Construction Contract)		
8. Moveable Equipment (List all equipment over \$50,000)		1,393,500
9. Other (Specify) <u>furnishings, décor, permitting</u>		168,500

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)		0
2. Building only		0
3. Land only		0
4. Equipment (Specify) _____		0
5. Other (Specify) _____		0

C. Financing Costs and Fees:

1. Interim Financing		0
2. Underwriting Costs		0
3. Reserve for One Year's Debt Service		0
4. Other (Specify) _____		0

D. Estimated Project Cost
(A+B+C)

3,942,861

E. CON Filing Fee

8,871

F. Total Estimated Project Cost (D+E)

TOTAL \$ 3,951,732

Actual Capital Cost 3,951,732
 Section B FMV 0

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).

 A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

 B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

 C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

 D. Grants--Notification of Intent form for grant application or notice of grant award;

 x **E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or**

 F. Other--Identify and document funding from all sources.

The project will be funded by a cash transfer from the applicant's parent company (HCA Holdings, Inc.) to the applicant's division office (TriStar Health System). Documentation of financing is provided in Attachment C, Economic Feasibility--2.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The estimated \$2,062,140 construction cost of the project is approximately \$219 per square foot, as shown in Table Three below.

Table Three-A (Repeated): Construction Costs			
	Renovated Construction	New Construction	Total Project
Square Feet	9,422	0	9,422
Construction Cost	\$2,062,140	0	\$2,062,140
Constr. Cost PSF	\$218.86 PSF	0	\$218.86 PSF

This is reasonable in comparison to 2010-12 hospital construction projects approved by the HSDA, which had the following costs per SF. The project cost PSF is below third quartile averages for hospital renovation projects approved by the HSDA over the past three years.

Table Three-B (Repeated): Hospital Construction Cost Per Square Foot Applications Approved by the HSDA Years: 2010 – 2012			
	Renovation	New Construction	Total Construction
1st Quartile	\$99.12/sq ft	\$234.64/sq ft	\$167.99/sq ft
Median	\$177.60/sq ft	\$259.66/sq ft	\$235.00/sq ft
3rd Quartile	\$249.00/sq ft	\$307.80/sq ft	\$274.63/sq ft

Source: Health Services and Development Agency website, 2014

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable.

For both the historic and projected charts, there is a "management fee" indicated to an affiliated company (HCA, the parent company). That does not indicate an actual management contract. It is the way HCA allocates its corporate expenses to all the hospitals comprising the company. It is estimated as a percent of net operating revenues. The percent varies from year to year. Please see the notes page to the Projected Data Chart for the percentage used for projection purposes.

In the Projected Data Chart's "Other" expenses, there is an item named Parallon. It is a recently organized, wholly owned subsidiary of HCA. It provides support services for the hospitals and allocates the costs of those services back to the hospitals. The services provided by Parallon include:

- All normal Business Office functions (billing, collections, cashiering, etc.)
- Central Scheduling
- Revenue Integrity (chart auditing, charge capture, charge master maintenance)
- Credentialing Functions
- Supply Chain--Materials Management, Accounts Payable & Warehouse
- Payroll functions
- Health Information Management (Medical Records) functions

HISTORICAL DATA CHART -- SKYLINE MEDICAL CENTER, MAIN CAMPUS ONLY

Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in January.

		Year 2011	Year 2012	Year 2013
	Admissions	9150	9798	10033
	Patient Days	51490	52352	55814
A.	Utilization Data			
B.	Revenue from Services to Patients			
1.	Inpatient Services	\$ 499,995,000	555,136,000	627,267,000
2.	Outpatient Services	282,928,000	306,638,000	339,750,000
3.	Emergency Services	55,699,000	66,953,000	78,427,000
4.	Other Operating Revenue	168,000	162,000	148,000
	(Specify) <u>Space rental, catering, vending, misc other</u>			
	Gross Operating Revenue	\$ 838,790,000	\$ 928,889,000	\$ 1,045,592,000
C.	Deductions for Operating Revenue			
1.	Contractual Adjustments	\$ 644,901,000	721,834,000	826,980,000
2.	Provision for Charity Care	6,010,000	10,433,000	13,526,000
3.	Provisions for Bad Debt	20,323,000	22,328,000	28,681,000
	Total Deductions	\$ 671,234,000	\$ 754,595,000	\$ 869,187,000
	NET OPERATING REVENUE	\$ 167,556,000	\$ 174,294,000	\$ 176,405,000
D.	Operating Expenses			
1.	Salaries and Wages	\$ 60,893,000	63,912,000	68,512,000
2.	Physicians Salaries and Wages	0	0	0
3.	Supplies	28,135,000	27,660,000	27,786,000
4.	Taxes	1,151,000	1,464,000	1,388,000
5.	Depreciation	5,207,000	5,036,000	5,335,000
6.	Rent	1,289,000	1,211,000	1,352,000
7.	Interest, other than Capital	(1,459,000)	(2,498,000)	(3,684,000)
8.	Management Fees	12,373,000	10,064,000	12,042,000
	a. Fees to Affiliates	12,373,000	10,064,000	12,042,000
	b. Fees to Non-Affiliates	0	0	0
9.	Other Expenses (Specify) <u>See Attachment A</u>	27,007,000	28,974,000	30,249,000
	Total Operating Expenses	\$ 134,596,000	135,823,000	142,980,000
E.	Other Revenue (Expenses) -- Net (Specify)	\$	\$	\$
	NET OPERATING INCOME (LOSS)	\$ 32,960,000	\$ 38,471,000	\$ 33,425,000
F.	Capital Expenditures			
1.	Retirement of Principal	\$	\$	\$
2.	Interest			
	Total Capital Expenditures	\$ 0	\$ 0	\$ 0
	NET OPERATING INCOME (LOSS)			
	LESS CAPITAL EXPENDITURES	\$ 32,960,000	\$ 38,471,000	\$ 33,425,000

Skyline Medical Center
Historic Data Chart--Main Campus

D. (8) Other Expenses:	Year 2011	Year 2012	Year 2013
Professional Services	2,800,000	3,178,000	4,406,000
Contract Services	16,655,000	18,046,000	16,957,000
Repairs and Maintenance	2,975,000	3,160,000	3,610,000
Utilities	2,004,000	2,003,000	2,048,000
Insurance	664,000	685,000	761,000
Investment Income	0	0	0
Interest income & sale of assets	(25,000)	(7,000)	(32,000)
Legal and Accounting Services	96,000	113,000	124,000
Marketing Expenses	433,000	539,000	560,000
Postage	231,000	283,000	298,000
Travel and Entertainment	103,000	153,000	133,000
Dues and Subscriptions	119,000	100,000	154,000
Education and Development	162,000	25,000	210,000
Recruiting	440,000	271,000	568,000
Licenses, permits and software	350,000	425,000	452,000
	27,007,000	28,974,000	30,249,000

PROJECTED DATA CHART-- SKYLINE MEDICAL CENTER, MAIN CAMPUS ONLY

Give information for the two (2) years following the completion of this proposal.

The fiscal year begins in January.

		CY2016	CY 2017
	Admissions	11,218	11,664
A.	Utilization Data		
	Patient Days	64,549	67,177
B.	Revenue from Services to Patients		
1.	Inpatient Services	\$ 757,461,946	\$ 787,576,764
2.	Outpatient Services	410,268,189	426,579,440
3.	Emergency Services	94,705,234	98,470,480
4.	Other Operating Revenue (Specify) <u>See notes page</u>	165,480	172,059
	Gross Operating Revenue	\$ 1,262,600,849	\$ 1,312,798,743
C.	Deductions for Operating Revenue		
1.	Contractual Adjustments	\$ 1,009,875,696	\$ 1,050,025,862
2.	Provision for Charity Care	16,517,423	17,174,115
3.	Provisions for Bad Debt	35,024,118	36,416,590
	Total Deductions	\$ 1,061,417,237	\$ 1,103,616,567
	NET OPERATING REVENUE	\$ 201,183,612	\$ 209,182,176
D.	Operating Expenses		
1.	Salaries and Wages	\$ 78,135,986	\$ 81,242,480
2.	Physicians Salaries and Wages	0	0
3.	Supplies	31,689,158	32,949,041
4.	Taxes	1,551,937	1,613,638
5.	Depreciation	5,965,118	6,202,276
6.	Rent	1,511,685	1,571,786
7.	Interest, other than Capital	(4,119,118)	(4,282,884)
8.	Management Fees	13,464,283	13,999,590
	a. Fees to Affiliates	13,464,283	13,999,590
	b. Fees to Non-Affiliates	0	0
9.	Other Expenses (Specify) <u>See notes page</u>	33,821,717	35,166,385
	Dues, Utilities, Insurance, and Prop Taxes.		
	Total Operating Expenses	\$ 162,020,766	\$ 168,462,312
E.	Other Revenue (Expenses) -- Net (Specify)	\$	\$
	NET OPERATING INCOME (LOSS)	\$ 39,162,846	\$ 40,719,864
F.	Capital Expenditures		
1.	Retirement of Principal	\$	\$
2.	Interest		
	Total Capital Expenditures	\$ 0	\$ 0
	NET OPERATING INCOME (LOSS)		
	LESS CAPITAL EXPENDITURES	\$ 39,162,846	\$ 40,719,864

PROJECTED DATA CHART-- SKYLINE MEDICAL CENTER MEDICAL-SURGICAL DEPARTMENT

Give information for the two (2) years following the completion of this proposal.

The fiscal year begins in January.

		CY 2016	CY 2017
	Admissions	7389	7685
	Patient Days	38,424	39,961
A.	Utilization Data		
B.	Revenue from Services to Patients		
1.	Inpatient Services	\$ 486,759,491	\$ 506,258,856
2.	Outpatient Services		
3.	Emergency Services		
4.	Other Operating Revenue (Specify) <u>See notes page</u>		
	Gross Operating Revenue	\$ 486,759,491	\$ 506,258,856
C.	Deductions for Operating Revenue		
1.	Contractual Adjustments	\$ 397,838,734	\$ 413,775,974
2.	Provision for Charity Care		
3.	Provisions for Bad Debt		
	Total Deductions	\$ 397,838,734	\$ 413,775,974
	NET OPERATING REVENUE	\$ 88,920,756	\$ 92,482,882
D.	Operating Expenses		
1.	Salaries and Wages	\$ 33,731,771	\$ 35,083,051
2.	Physicians Salaries and Wages	0	0
3.	Supplies	16,967,778	17,647,500
4.	Taxes	0	0
5.	Depreciation	0	0
6.	Rent	533,975	555,366
7.	Interest, other than Capital	0	0
8.	Management Fees		
	a. Fees to Affiliates		
	b. Fees to Non-Affiliates		
9.	Other Expenses (Specify) <u>Attachment B</u>	15,035,696	15,638,019
	Dues, Utilities, Insurance, and Prop Taxes.		
	Total Operating Expenses	\$ 66,269,221	\$ 68,923,936
E.	Other Revenue (Expenses) -- Net (Specify)	\$	\$
	NET OPERATING INCOME (LOSS)	\$ 22,651,535	\$ 23,558,946
F.	Capital Expenditures		
1.	Retirement of Principal	\$	\$
2.	Interest		
	Total Capital Expenditures	\$ 0	\$ 0
	NET OPERATING INCOME (LOSS)		
	LESS CAPITAL EXPENDITURES	\$ 22,651,535	\$ 23,558,946

PROJECTED DATA CHART-- SKYLINE MEDICAL CENTER MEDICAL- ICU-CCU

Give information for the two (2) years following the completion of this proposal.

The fiscal year begins in January.

		CY 2016	CY 2017
	Admissions	2943	3075
	Patient Days	12,390	13,207
A.	Utilization Data		
B.	Revenue from Services to Patients		
1.	Inpatient Services	\$ 291,958,518	\$ 305,053,497
2.	Outpatient Services		
3.	Emergency Services		
4.	Other Operating Revenue (Specify) <u>See notes page</u>		
	Gross Operating Revenue	\$ 291,958,518	\$ 305,053,497
C.	Deductions for Operating Revenue		
1.	Contractual Adjustments	\$ 240,824,430	\$ 251,625,934
2.	Provision for Charity Care		
3.	Provisions for Bad Debt		
	Total Deductions	\$ 240,824,430	\$ 251,625,934
	NET OPERATING REVENUE	\$ 51,134,087	\$ 53,427,563
D.	Operating Expenses		
1.	Salaries and Wages	\$ 21,140,126	\$ 22,088,307
2.	Physicians Salaries and Wages	0	0
3.	Supplies	9,561,634	9,990,494
4.	Taxes	0	0
5.	Depreciation	0	0
6.	Rent	291,908	305,000
7.	Interest, other than Capital	0	0
8.	Management Fees		
	a. Fees to Affiliates		
	b. Fees to Non-Affiliates		
9.	Other Expenses (Specify) <u>Attachment B</u>	8,751,880	9,144,421
	Dues, Utilities, Insurance, and Prop Taxes.		
	Total Operating Expenses	\$ 39,745,547	\$ 41,528,222
E.	Other Revenue (Expenses) -- Net (Specify)	\$	\$
	NET OPERATING INCOME (LOSS)	\$ 11,388,540	\$ 11,899,341
F.	Capital Expenditures		
1.	Retirement of Principal	\$	\$
2.	Interest		
	Total Capital Expenditures	\$ 0	\$ 0
	NET OPERATING INCOME (LOSS)		
	LESS CAPITAL EXPENDITURES	\$ 11,388,540	\$ 11,899,341

Skyline Medical Center
Notes to Other Expenses
Projection Charts

D. (8) Other Expenses:	2016		2017		2016		2017		2016		2017	
	Proj Main		Proj Main		Proj Med-surg		Proj Med-surg		Proj ICU		Proj ICU	
Professional Services	4,926,394		5,122,255		2,190,065		2,277,798		1,274,779		1,331,955	
Contract Services	18,959,795		19,713,590		8,428,718		8,766,369		4,906,133		5,126,184	
Repairs and Maintenance	4,036,378		4,196,854		1,794,402		1,866,285		1,044,474		1,091,321	
Utilities	2,289,890		2,380,930		1,017,988		1,058,768		592,544		619,120	
Insurance	850,882		884,711		378,266		393,419		220,179		230,054	
Investment Income	0		0		0		0		0		0	
Interest income & sale of assets	(35,780)		(37,202)		(15,906)		(16,543)		(9,258)		(9,674)	
Legal and Accounting Services	138,646		144,158		61,636		64,105		35,877		37,486	
Marketing Expenses	626,142		651,036		278,356		289,507		162,024		169,291	
Postage	333,197		346,444		148,125		154,059		86,220		90,087	
Travel and Entertainment	148,709		154,621		66,110		68,758		38,481		40,207	
Dues and Subscriptions	172,189		179,035		76,548		79,614		44,556		46,555	
Education and Development	234,803		244,138		104,383		108,565		60,759		63,484	
Recruiting	635,087		660,336		282,332		293,643		164,338		171,709	
Licenses, permits and software	505,386		525,479		224,673		233,673		130,776		136,642	
	33,821,717		35,166,385		15,035,696		15,638,019		8,751,880		9,144,421	

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Eleven-A: Charges, Deductions, Net Charges, Net Operating Income Skyline Medical Center--Main Campus		
	CY2016	CY2017
Admissions	11,218	11,664
Patient Days	64,549	67,167
Average Gross Charge Per Day	\$19,560	\$19,542
Average Gross Charge Per Admission	\$112,551	\$12,551
Average Deduction from Operating Revenue Per Day	\$16,444	\$16,428
Average Deduction from Operating Revenue Per Admiss.	\$94,617	\$94,617
Average Net Charge (Net Operating Revenue) Per Day	\$3,117	\$3,114
Average Net Charge (Net Operating Revenue) Per Admiss.	\$17,934	\$17,934
Average Net Operating Income after Expenses, Per Day	\$607	\$606
Average Net Operating Income after Expenses, Per Admiss.	\$3,491	\$3,491

Source: Projected Data Chart, by hospital management.

Table Eleven-B: Charges, Deductions, Net Charges, Net Operating Income Medical-Surgical Department		
	CY2016	CY2017
Admissions	7,389	7,685
Patient Days	38,424	39,961
Average Gross Charge Per Day	\$12,668	\$12,669
Average Gross Charge Per Admission	\$65,876	\$65,876
Average Deduction from Operating Revenue Per Day	\$10,354	\$10,354
Average Deduction from Operating Revenue Per Admiss.	\$53,842	\$53,842
Average Net Charge (Net Operating Revenue) Per Day	\$2,314	\$2,314
Average Net Charge (Net Operating Revenue) Per Admiss.	\$12,034	\$12,034
Average Net Operating Income after Expenses, Per Day	\$590	\$590
Average Net Operating Income after Expenses, Per Admiss.	\$3,066	\$3,066

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

The project's most frequent charges for medical-surgical admissions are shown in response to C(II).6.B below. The addition of the proposed beds will not affect any hospital charges. Medical-surgical and ICU units operate with a positive revenue margin, making it unnecessary to shift costs to other hospital services. Both departments are projected to have a positive revenue margin.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

There is no publicly available data that enable the applicant's ICU or medical/surgical patient charges to be compared to those of other hospitals in the service area. Table Twelve on the following page compares the service area hospitals' total gross charges (revenues) per admission and per day.

Table Thirteen on the second following page shows the most frequent DRG's of Skyline's medical-surgical admissions, with their current Medicare reimbursement, and their projected Years One and Two utilization and average gross charges.

Table Twelve (SUPPLEMENTAL): Comparative Gross Charges for General Acute Care Hospitals in the Primary Service Area							
Skyline Medical Center							
2013 Joint Annual Reports of Hospitals							
State ID	Facility Name	County	Total Gross Revenues*	Admissions	Days	Total Gross Revenues* Per IP Admission	Total Gross Revenues* Per IP Day
	Centennial Medical Center	Davidson	\$1,633,843,746	28,064	156,094	\$58,218.49	\$10,467.05
	Gateway Medical Center	Montgomery	\$380,471,988	9,804	36,609	\$38,807.83	\$10,392.85
	Hendersonville Medical Center	Sumner	\$241,043,436	5,828	20,567	\$41,359.55	\$11,719.91
	Metro Nashville General Hospital	Davidson	\$91,779,694	3,517	16,088	\$26,096.02	\$5,704.85
	Northcrest Medical Center	Robertson	\$64,371,507	3,230	13,916	\$19,929.26	\$4,625.72
	Saint Thomas Midtown Hospital (Baptist)	Davidson	\$823,839,816	24,105	110,408	\$34,177.13	\$7,461.78
	Saint Thomas West Hospital	Davidson	\$1,043,595,140	21,386	99,877	\$48,798.05	\$10,448.80
	Skyline Medical Center	Davidson	\$627,266,730	10,024	55,811	\$62,576.49	\$11,239.12
	Southern Hills Medical Center	Davidson	\$199,471,821	4,209	20,068	\$47,391.74	\$9,939.80
	Summit Medical Center	Davidson	\$466,903,878	10,636	43,122	\$43,898.45	\$10,827.51
	Sumner Regional Medical Center	Sumner	\$241,154,622	7,529	32,682	\$32,030.10	\$7,378.82
	University Medical Center (UMC)	Wilson	\$242,117,405	5,080	22,423	\$47,660.91	\$10,797.73
	Vanderbilt Medical Center	Davidson	\$3,105,554,497	53,957	298,505	\$57,556.10	\$10,403.69
SERVICE AREA TOTALS			\$9,161,414,280	187,369	926,170	\$48,895.04	\$9,891.72

Source: Joint Annual Reports p. 18, total gross IP charges excluding newborns.

Note: Saint Thomas Hospital for Spinal Surgery did not report yet (7-11/14) and is excluded.

Table Thirteen: Skyline Medical Center MedicalSurgical & Critical Care Departments Most Frequent Admissions Diagnoses and Average Gross Charges Current and Proposed (No Charge Increases Projected)					
CPT or DRG	Descriptor	Current Medicare Allowable	Average Gross Charge		
			Current Average	Year 1	Year 2
M/S					
064	IC Hem or Cereb Inf W/MCC	\$ 10,509	\$599,199	\$599,199	\$599,199
065	Ic Hem Or Cereb Inf W/ CC	\$ 6,785	\$194,166	\$194,166	\$194,166
189	Pul Edema/ Resp Failure	\$ 7,575	\$274,729	\$274,729	\$274,729
190	Ch Obst Pulm Dis W/ MCC	\$ 7,308	\$249,883	\$249,883	\$249,883
193	Simp Pneu/Pleu W/ MCC	\$ 8,902	\$383,749	\$383,749	\$383,749
194	Simp Pneu/Pleu W/ CC	\$ 6,222	\$251,477	\$251,477	\$251,477
392	Esoph, Ge Dig Dis W/O MCC	\$ 4,889	\$128,116	\$128,116	\$128,116
470	Maj Join Rep/Reat Le W/O M	\$ 12,778	\$204,682	\$204,682	\$204,682
690	Kidney/Uti W/O MCC	\$ 5,056	\$163,586	\$163,586	\$163,586
871	Septi/Seps W/O Mv96+Hr W/ MCC	\$ 11,132	\$598,422	\$598,422	\$598,422
ICU/CCU					
064	Ic Hem Or Cereb Inf W/ MCC	\$ 10,509	\$571,045	\$571,045	\$571,045
065	Ic Hem Or Cereb Inf W/ CC	\$ 6,785	\$237,543	\$237,543	\$237,543
100	Seizures W/ MCC	\$ 9,258	\$400,258	\$400,258	\$400,258
208	Resp Sys Dx W/ Vent <96	\$ 13,568	\$327,785	\$327,785	\$327,785
247	Perc Cv Px W De Stnt W/O MCC	\$ 12,187	\$113,561	\$113,561	\$113,561
378	Gi Hem W/ CC	\$ 6,366	\$88,979	\$88,979	\$88,979
638	Diabetes W/ CC	\$ 5,370	\$71,033	\$71,033	\$71,033
871	Septi/Seps W/O Mv96+Hr W/ MCC	\$ 11,132	\$321,069	\$321,069	\$321,069
917	Pois/Tox Eff Of Drug W/ MCC	\$ 8,645	\$426,502	\$426,502	\$426,502
918	Pois/Tox Eff Of Drug W/O CC	\$ 4,301	\$47,001	\$47,001	\$47,001

Source: Hospital Management

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

The Projected Data Chart and charge information in the application demonstrate that the medical-surgical beds of this hospital will be cost-effective, and will operate with a positive financial margin.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

The proposed expanded medical-surgical beds will be sufficiently utilized in their first two years to operate with a positive financial margin. Cash flow is positive and will remain so.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

Skyline Medical Center's medical-surgical beds serve all of the groups listed above. Skyline projects charity at approximately 1.3% of gross revenues; and Medicare and TennCare/Medicaid are projected at a combined 68.83% of services.

Table Fourteen: Medicare and TennCare/Medicaid Gross Revenues, Year One Skyline Medical Center		
	Medicare	TennCare/Medicaid
Gross Revenue	\$679,279,257	\$189,768,908
Percent of Gross Revenue	53.8%	15.03%

Source: Hospital management

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II).11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

A. A DISCUSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.

B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

The project requires no new construction. It will be done entirely by renovation. With respect to alternatives, there is no alternative way to make acute care beds more accessible to the northern sectors of the greater Nashville area. No other hospital on the north side of urban area will be a designated Trauma Center, or offers an advanced Neuosciences program.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

Following are the facilities which Skyline most frequently utilizes in its discharge planning:

Skilled Nursing--Creekside Health and Rehabilitation Center, Grace Healthcare of Whites Creek, Vanco Manor Nursing and Rehabilitation Center, Greenhills Health and Rehabilitation Center, West Meade Place, the Bridge at Highland, LifeCare Center of Old Hickory, and NHC of Hendersonville.

Hospice- Alive Hospice, Odyssey, Avalon, Asera Care

Home Health- Suncrest, Gentevia, and Amedysis Home Health Care of Middle TN, NHC Home Care, WillowBrook Home Care, CareSouth

Home Infusion- Walgreens, Amerita, Coram

DME- Medical Necessities, At Home Medical, Apria, Aerocare, Oxycare of TN

Skyline Medical Center is fully contracted with all available TennCare MCO's in the Middle Tennessee Region. They are as follows:

Table One (Repeated): Contractual Relationships with Service Area MCO's	
Available TennCare MCO's	Applicant's Relationship
AmeriGroup	contracted
United Healthcare Community Plan (formerly AmeriChoice)	contracted
TennCare Select	contracted

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

The project will improve local patients' accessibility to critical care and medical-surgical beds at a major acute care and emergency care resource for communities and travelers on the northeast to northwest sides of the Nashville urban area. A very large medical community, delivering very high acuity services, has developed at Skyline to serve these areas between downtown Nashville and Kentucky. Skyline's ICU and medical-surgical beds are often full now. When that happens, patients waiting a room assignment are backed up in the ED or in surgical Recovery in holding status, which in turn stresses hospital staff, frustrates patients in need of timely care, and impedes the productivity of the medical staff. So the effects of this proposed bed transfer to the main campus, opening up all the additional capacity that can be opened quickly, will be very beneficial to patient care. It is difficult to see how this relocation of the applicant's own licensed beds, within the same county, could adversely affect other acute care providers' utilization.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for Table Sixteen, showing projected FTE's and salary ranges for both units.

The Department of Labor and Workforce Development website indicates the following Nashville urban area salary information for the clinical staff positions in this project:

Table Fifteen: TDOL Surveyed Average Salaries for the Region				
Position	Entry Level	Median	Mean	Experienced
RN	\$44,710	\$58,060	\$58,260	\$65,040

**Table Sixteen: Skyline Medical Center--Main Campus
Current and Projected Staffing
Critical Care (ICU) and Medical-Surgical Departments**

Position Type (RN, etc.)	Current FTE's	Year One FTE's	Year Two FTE's	Annual Salary Range (\$)
Critical Care Department				
Director	1	1	1	110,000-130,000
RNs	30	40.8	53.4	50,000 - 70,000
Unit Secretary	1	1	1	20,000 - 30,000
<i>Subtotals</i>	32	42.8	55.4	
Medical-Surgical Department				
Director	1	1	1	110,000-130,000
RNs	31.6	35	40	50,000 - 70,000
Techs	6.9	2.2	10	20,000 - 30,000
Unit Secretary	1.8	2.2	2.4	20,000 - 30,000
<i>Subtotals</i>	41.3	40.4	53.4	
Total FTE's	73.3	83.2	108.8	

Source: Hospital Management

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

TriStar anticipates no difficulties in attracting the very small increment of nursing staff needed to serve patients in these proposed ICU and medical-surgical beds.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

TriStar Skyline Medical Center is a clinical rotation site for numerous students in the health professions. The colleges/universities with which Skyline has student affiliation agreements include:

Aquinas
 Argosy College
 Austin Peay State University
 Belmont
 Bethel
 Breckinridge
 Columbia State Community College
 Cumberland University
 East Tennessee State University
 Emory University
 Fortis Institute
 Lipscomb University
 Miller-Motte
 Middle Tennessee School of Anesthesia
 Middle Tennessee State University
 Southeastern Institute
 Nashville State Technical College
 Tennessee State University
 Tennessee Tech Center @ Murfreesboro
 Trevecca University
 Union University
 University of TN at Memphis
 Vanderbilt University
 Volunteer State Community College
 Western Kentucky

C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE: Board for Licensing of Health Care Facilities
Tennessee Department of Health

CERTIFICATION: Medicare Certification from CMS
TennCare Certification from TDH

ACCREDITATION: Joint Commission
1. Hospital
2. Certified Comprehensive Stroke Center

C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited by the Joint Commission.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C). Skyline Medical Center is also a Joint Commission-certified Comprehensive Stroke Center.

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

September 24, 2014

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed	6	10-14
2. Construction documents approved by TDH	36	11-14
**3. Construction contract signed	44	11-14
4. Building permit secured	59	12-14
5. Site preparation completed	na	na
6. Building construction commenced	73	12-14
7. Construction 40% complete	163	3-15
8. Construction 80% complete	253	6-15
9. Construction 100% complete	313	8-15
10. * Issuance of license (occupancy approval)	328	9-15
11. *Initiation of service	329	9-15
12. Final architectural certification of payment	389	11-15
13. Final Project Report Form (HF0055)	449	1-16

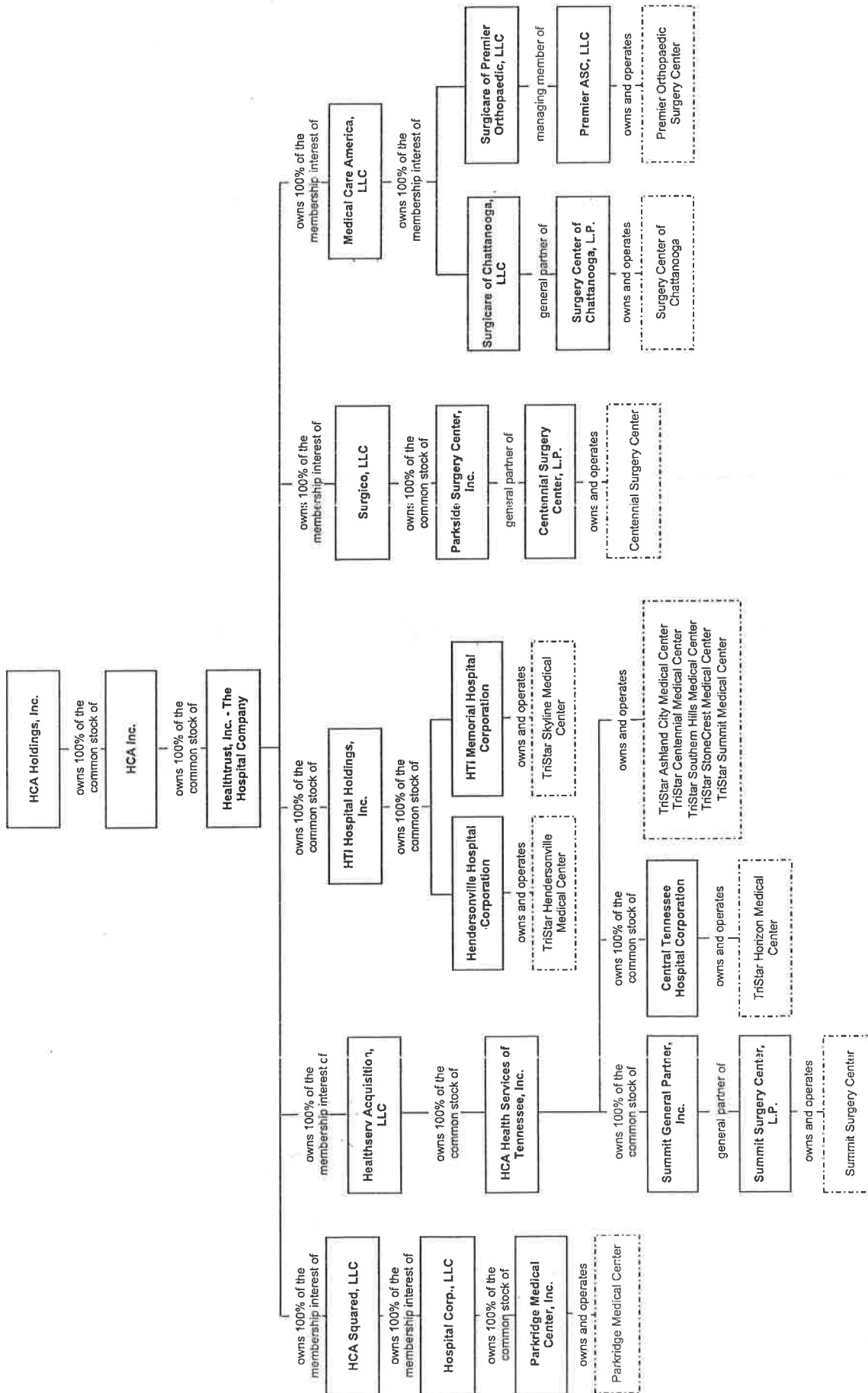
*** For projects that do NOT involve construction or renovation: please complete items 10-11 only.**

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

INDEX OF ATTACHMENTS

A.4	Ownership--Legal Entity and Organization Chart (if applicable)	
A.6	Site Control	
B.III.	Plot Plan	
B.IV.	Floor Plan	
C, Need--3		Service Area Maps
C, Economic Feasibility--1		Documentation of Construction Cost Estimate
C, Economic Feasibility--2		Documentation of Availability of Funding
C, Economic Feasibility--10		Financial Statements
C, Orderly Development--7(C)		TDH Inspection & Plan of Correction
Miscellaneous Information		TennCare Enrollment Base Data U.S. Census QuickFacts
Support Letters		

A.4--Ownership
Legal Entity and Organization Chart



TENNESSEE FACILITIES OWNED BY HCA, INC.

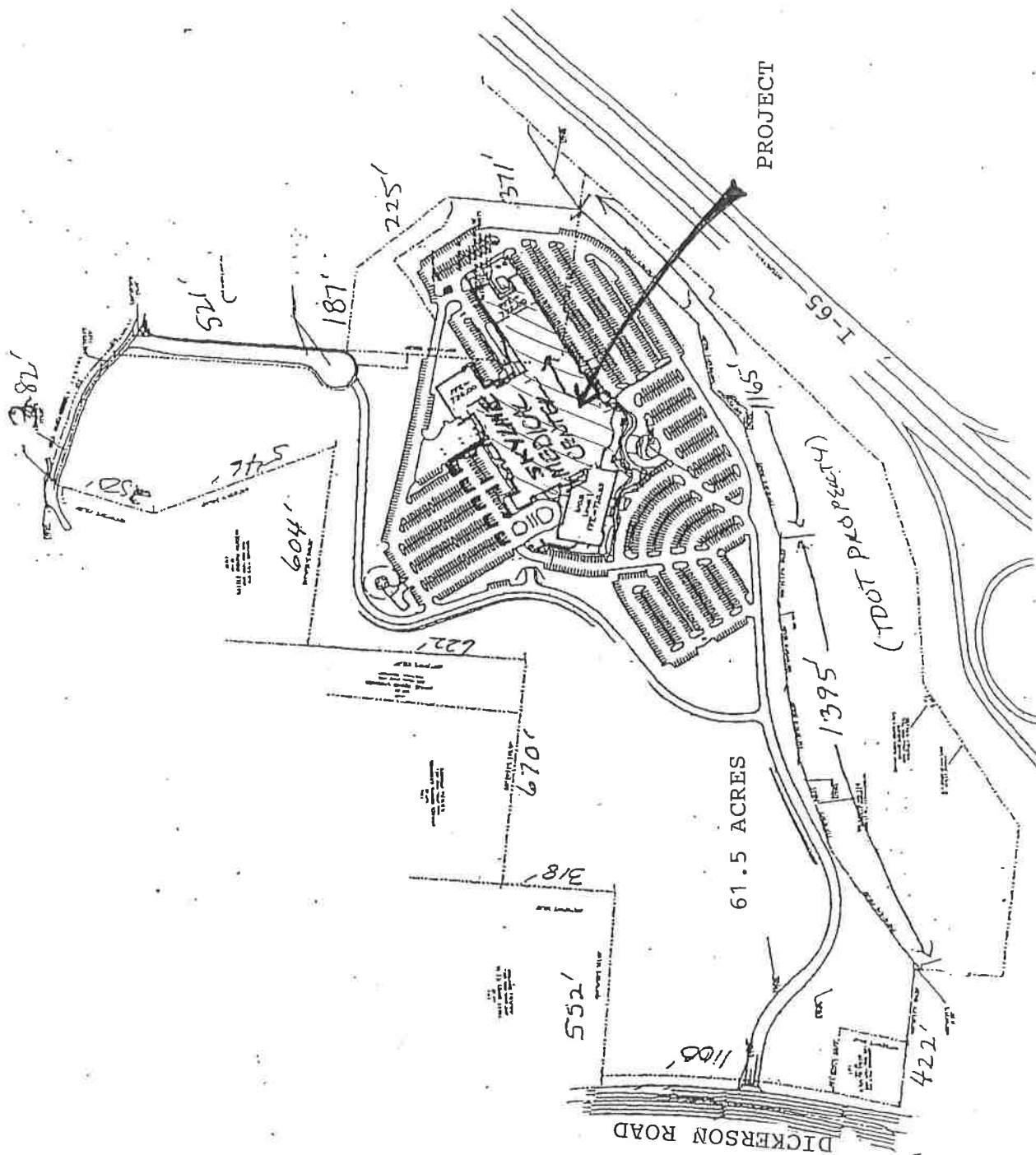
Centennial Medical Center	2300 Patterson Str	Nashville	TN	37203
Parthenon Pavilion	2401 Parman Place	Nashville	TN	37203
Sarah Cannon Cancer Center	250 25th Avenue North	Nashville	TN	37203
Sarah Cannon Research Institute	3322 West End Avenue	Nashville	TN	37203
Women's Hospital	2221 Murphy Avenue	Nashville	TN	37203
Centennial Surgery Center	345 23rd Ave N	Nashville	TN	37203-1524
Greenville Regional Hospital	1801 Ashley Circle	Bowling Green	KY	42104-9024
Hendersonville Medical Center	355 New Shackle Island Road	Hendersonville	TN	37075
Horizon Medical Center	111 Highway 70 East	Dickson	TN	37055
Natchez Imaging	101 Natchez Park Drive	Dickson	TN	37055
Radiation Oncology @ SCCC	105 Natchez Park Drive	Dickson	TN	37055
TN Oncology @ SCCC	103 Natchez Park Drive,	Dickson	TN	37055
Parkridge East Hospital	941 Spring Creek Road	Chattanooga	TN	37412
Parkridge Medical Center	2333 McCallie Avenue	Chattanooga	TN	37404
Parkridge Valley Hospital	2200 Morris Hill Road	Chattanooga	TN	37421
Portland Medical Center	105 Redbud Drive	Portland	TN	37148
Skyline Medical Center	3441 Dickerson Pike	Nashville	TN	37207
Skyline Madison Campus	500 Hospital Drive	Madison	TN	37115
Southern Hills Medical Center	391 Wallace Road	Nashville	TN	37211
Southern Hills Surgical Center	360 Wallace Road	Nashville	TN	37212
StoneCrest Medical Center	200 StoneCrest Boulevard	Smyrna	TN	37167
Summit Medical Center	5655 Frist Boulevard	Hermitage	TN	37076
Summit Surgery Center	3901 Central Pike	Hermitage	TN	37076

B.II.A.--Square Footage and Costs Per Square Footage Chart

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

[illegible]

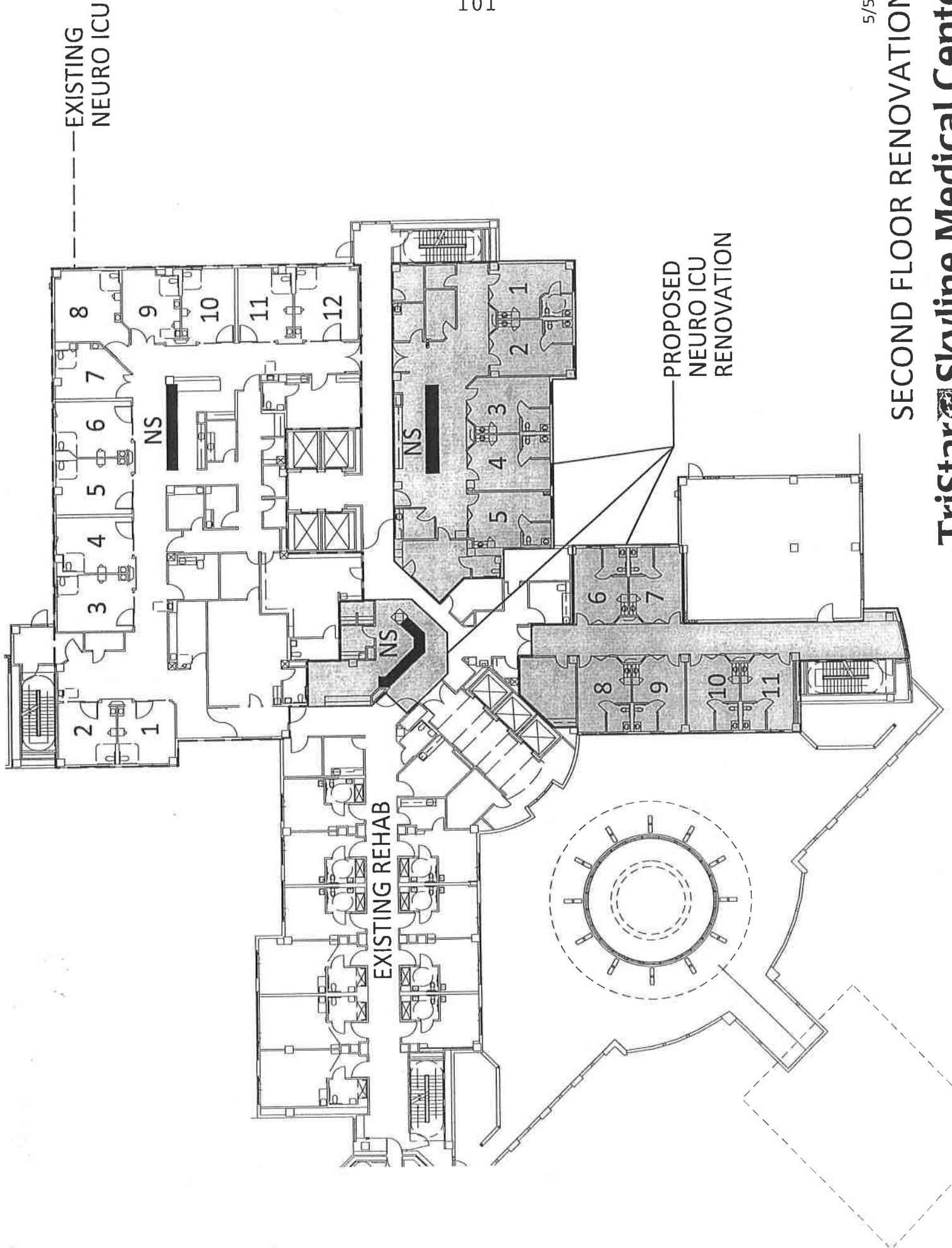
B.III.--Plot Plan

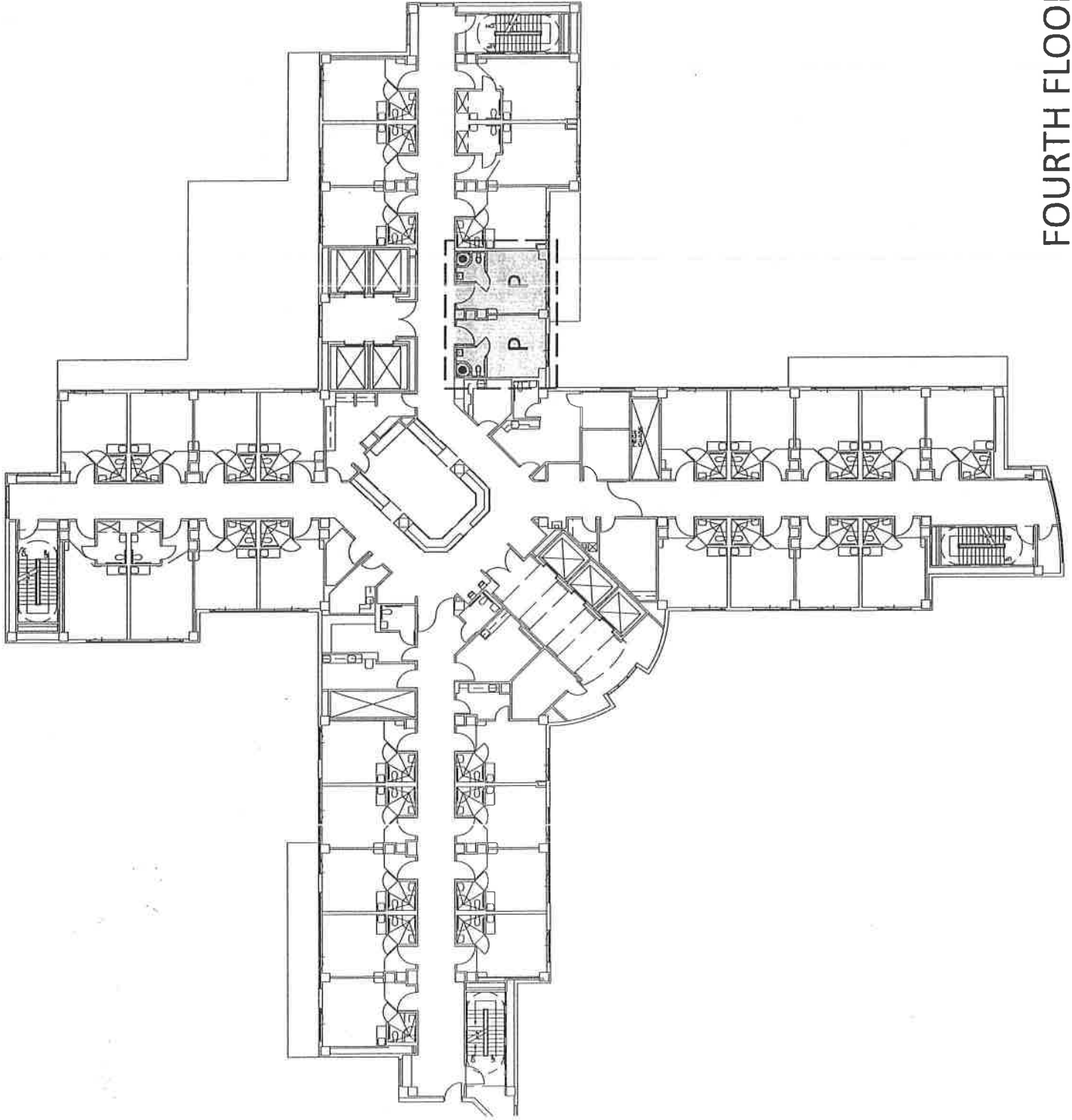


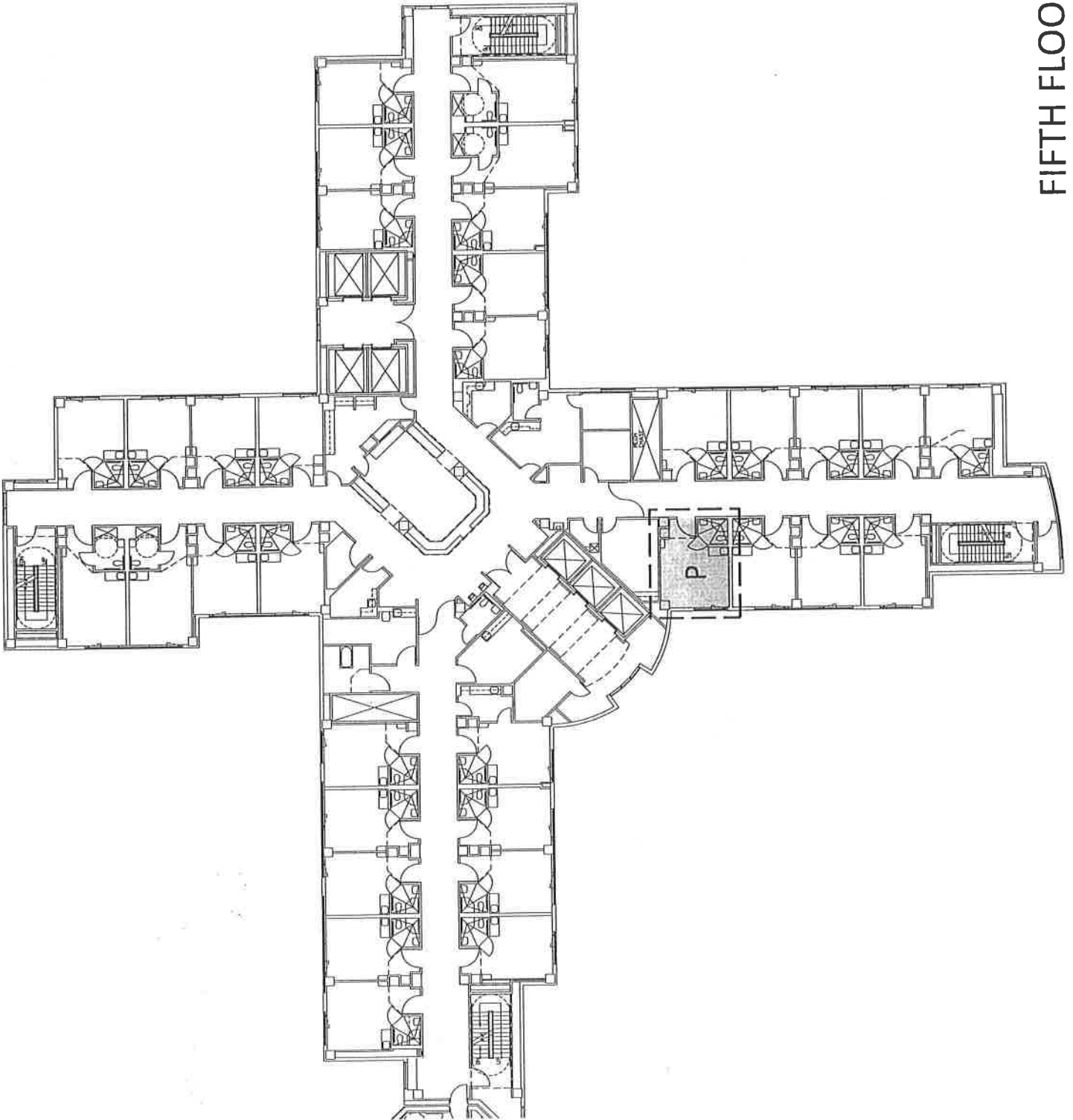
B.IV.--Floor Plan

SECOND FLOOR RENOVATIONS

TriStar Skyline Medical Center





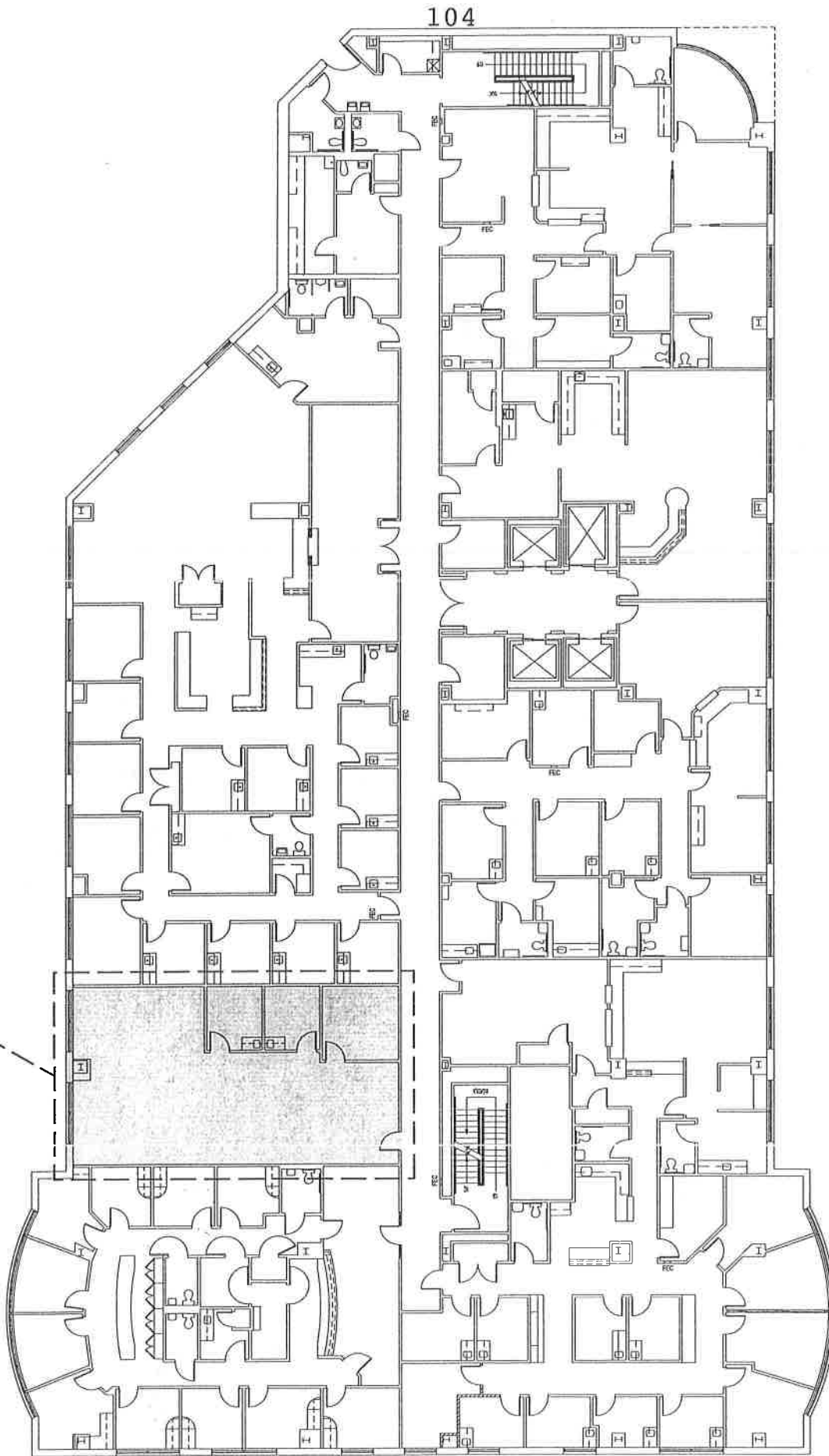


5/5/14

FIFTH FLOOR RENOVATIONS

TriStar Skyline Medical Center

REHAB GYM



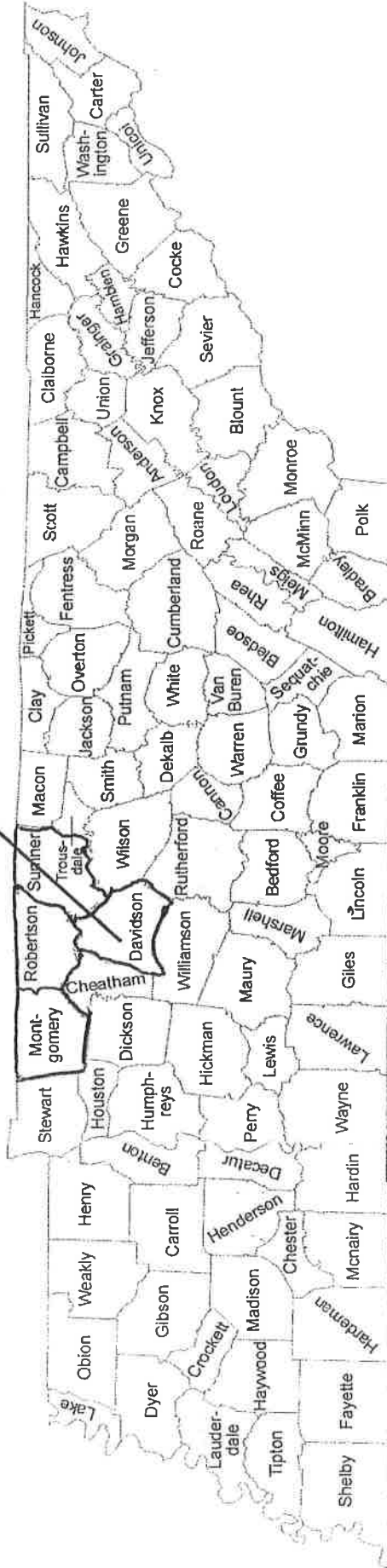
5/5/14

SECOND FLOOR MOB RENOVATIONS

Tristar Skyline Medical Center

**C, Need--3
Service Area Maps**

SKYLINE MEDICAL CENTER PRIMARY SERVICE AREA
(FOUR COUNTIES)



Get Printable Maps From:
WaterproofPaper.com

JUN 12 10 42 AM '06

C, Economic Feasibility--1
Documentation of Construction Cost Estimate

C. ROSS ARCHITECTURE L.L.C.

May 7, 2014

**Subject: Verification of Construction Cost Estimate
Skyline Medical Center
Bed Expansion
Nashville, Tennessee**

To Whom It May Concern:

C. Ross Architect L.L.C., an architectural firm in Nashville, Tennessee, has reviewed the construction cost data for the above referenced project. The stated construction cost for this renovation is approximately \$2,062,140.00. (In providing opinions of probable construction cost, the Client understands that the Consultant has no control over the cost or availability of labor, equipment or materials, or over market conditions, or the Contractor's method of pricing, or the Code Reviewer's interpretation at a later date of the requirements for the project, and that the Consultant's opinion of probable construction costs are made on the basis of the Consultant's professional judgment and experience. The Consultant makes no warranty, expressed or implied, that the bids or the negotiated cost of the work will not vary from the Consultants opinion or probable construction cost.)

It is our opinion at this time the projected construction cost is reasonable for this type and size of project and compares appropriately with similar projects in this market. However, it should be noted that the construction costs re increasing rapidly due to economic factors beyond Contractor's controls.

The building codes applicable to this project will be:

State:

1. 2010 Guidelines for Design and Construction of Hospitals and Health Care Facilities
2. 2006 International Building Code
3. 2006 International Mechanical Code
4. 2006 International Plumbing Code
5. 2006 International Fuel and Gas Code
6. 2005 National Electric Code
7. 2006 NFPA 101 Life Safety Code
8. 1994 North Carolina Handicap Accessibility Code with 2004 Amendments
9. 2005 U S Public health Code

Federal:

1. The Americans with Disabilities Act (ADA), Accessibility Guidelines for Buildings and Facilities
- 2010 Edition

Sincerely,

C. ROSS ARCHITECTURE, L.L.C.



R. Christopher Ross, III, AIA

C, Economic Feasibility--2
Documentation of Availability of Funding

TriStar Skyline
MEDICAL CENTER

TriStarHealth.com

3441 Dickerson Pike
Nashville, TN 37207
(615) 769-2000

May 6, 2014

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
500 Deaderick Street
Nashville, Tennessee 37243

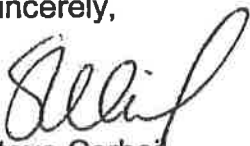
RE: TriStar Skyline Medical Center Certificate of Need (CON) Application for Nine Medical-Surgical and ICU/CCU Beds

Dear Mrs. Hill:

TriStar Skyline Medical Center is applying for a CON to add medical-surgical and ICU/CCU beds.

As President and Controller of TriStar Health System, the HCA Division Office to which this facility belongs, we are writing to confirm that HCA Holdings, Inc. will provide through TriStar the approximately \$4,000,000 in capital costs required to implement this project. HCA Holdings, Inc.'s financial statements are provided in the application.

Sincerely,



Steve Corbett
President

TriStar Health System, a Division of HCA



Trey Schablik
Controller

TriStar Health System, a Division of HCA

C, Economic Feasibility--10
Financial Statements

SKYLINE MEDICAL CENTER--INCOME STATEMENT CY2013 ((000'S))	
REVENUES	
Inpatient Revenue Routine Services	203,791
Inpatient Revenue Ancillary Services	523,452
Inpatient Gross Revenue	727,243
Outpatient Gross Revenue	450,999
Total Patient Revenue	1,178,242
Other Revenue	1,272
Gross Revenue	1,179,514
DEDUCTIONS	
Total CY CA - Medicare (1,2)	310,368
Total CY CA - Medicaid (3)	2,449
Total CY CA - Champus (6)	23,021
Prior Year Contractuals	-2,205
Total CY CA - Mgd Care (7,8,9,12,13,14)	492,658
Charity	13,853
Bad Debt	30,994
Other Deductions	96,588
Total Revenue Deductions (incl Bad Debt)	967,726
Cash Revenue	211,788
OPERATING EXPENSES	
Salaries and Wages	75,654
Contract Labor	2,843
Employee Benefits	19,213
Supply Expense	29,856
Professional Fees	4,450
Contract Services	20,459
Repairs and Maintenance	4,418
Rents and Leases	2,382
Utilities	3,479
Insurance	1,310
Investment Income	
Non-Income Taxes	1,651
Other Operating Expense	2,996
Cash Expense	168,710
EBITDA	43,077
CAPITAL AND OTHER COSTS	
Depreciation & Amortization	7,322
Other Non-Operating Expenses	
Interest Expense	-1,082
Mgmt Fees and Markup Cost	13,607
Minority Interest	
Total Capital and Others	19,846
Pretax Income	23,231
TAXES ON INCOME	
Federal Income Taxes	
State Income Taxes	
Total Taxes on Income	
Net Income	23,231

SKYLINE MEDICAL CENTER--BALANCE SHEET CY2013	
CURRENT ASSETS	
Cash & Cash Equivalents	-51,952
Marketable Securities	
PATIENT ACCOUNTS RECEIVABLES	
Patient Receivables	76,887,411
Less Allow for Govt Receivables	-276,166
Less Allow - Bad Debt	-44,170,176
Net Patient Receivables	32,441,069
FINAL SETTLEMENTS	
Due to/from Govt Programs	1,173,941
Allowances Due Govt Programs	
Net Final Settlements	1,173,941
Net Accounts Receivables	33,615,010
Inventories	5,647,522
Prepaid Expenses	394,982
Other Receivables	759,810
Total Current Assets	40,365,372
PROPERTY, PLANT & EQUIPMENT	
Land	6,366,841
Bldgs & Improvements	53,242,144
Equipment - Owned	103,034,294
Equipment - Capital Leases	3,133,448
Construction in Progress	1,583,417
Gross PP&E	167,360,144
Less Accumulated Depreciation	-102,145,260
Net PP&E	65,214,884
OTHER ASSETS	
Investments	
Notes Receivable	0
Intangible Assets - Net	5,347,055
Investments in Subsidiaries	
Other Assets	134,527
Total Other Assets	5,481,582
Grand Total Assets	111,061,838
CURRENT LIABILITIES	
Accounts Payable	4,927,105
Accrued Salaries	7,232,332
Accrued Expenses	2,150,890
Accrued Interest	
Distributions Payable	
Curr Port - Long Term Debt	534,275
Other Current Liabilities	537,471
Income Taxes Payable	
Total Current Liabilities	15,382,073
LONG TERM DEBT	
Capitalized Leases	1,700,093
Inter/Intra Company Debt	-38,568,395
Other Long Term Debts	4,855
Total Long Term Debts	-36,863,447
DEFERRED CREDITS AND OTHER LIAB	
Professional Liab Risk	
Deferred Incomes Taxes	
Long-Term Obligations	135,965
Total Other Liabilities & Def	135,965
EQUITY	
Common Stock - par value	
Capital in Excess of par value	19,942,385
Retained Earnings - current yr	112,464,866
Net Income Current Year	
Distributions	
Other Equity	
Total Equity	132,407,247
Total Liabilities and Equity	111,061,838

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	8,036	91.0	7,879	93.4
Income before income taxes	800	9.0	555	6.6
Provision for income taxes	246	2.7	128	1.5
Net income	554	6.3	427	5.1
Net income attributable to noncontrolling interests	130	1.5	113	1.4
Net income attributable to HCA Holdings, Inc.	\$424	4.8	\$314	3.7
Diluted earnings per share	\$0.92		\$0.68	
Shares used in computing diluted earnings per share (000)	458,535		461,131	
Comprehensive income attributable to HCA Holdings, Inc.	\$541		\$297	

HCA Holdings, Inc.
Condensed Consolidated Comprehensive Income Statements
For the Years Ended December 31, 2013 and 2012
(Dollars in millions, except per share amounts)

	2013		2012	
	Amount	Ratio	Amount	Ratio
Revenues before provision for doubtful accounts	\$38,040		\$36,783	
Provision for doubtful accounts	3,858		3,770	
Revenues	34,182	100.0%	33,013	100.0%
Salaries and benefits	15,646	45.8	15,089	45.7
Supplies	5,970	17.5	5,717	17.3
Other operating expenses	6,237	18.2	6,048	18.3
Electronic health record incentive income	(216)	(0.6)	(336)	(1.0)
Equity in earnings of affiliates	(29)	(0.1)	(36)	(0.1)
Depreciation and amortization	1,753	5.1	1,679	5.1
Interest expense	1,848	5.4	1,798	5.4
Losses (gains) on sales of facilities	10	-	(15)	-
Loss on retirement of debt	17	0.1	-	-
Legal claim costs	-	-	175	0.5
	31,236	91.4	30,119	91.2
Income before income taxes	2,946	8.6	2,894	8.8
Provision for income taxes	950	2.8	888	2.7
Net income	1,996	5.8	2,006	6.1
Net income attributable to noncontrolling interests	440	1.2	401	1.2
Net income attributable to HCA Holdings, Inc.	\$1,556	4.6	\$1,605	4.9
Diluted earnings per share	\$3.37		\$3.49	
Shares used in computing diluted earnings per share (000)	461,913		459,403	
Comprehensive income attributable to HCA Holdings, Inc.	\$1,756		\$1,588	

HCA Holdings, Inc.
Supplemental Non-GAAP Disclosures
Operating Results Summary
(Dollars in millions, except per share amounts)

For the Years

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	Fourth Quarter		Ended	
	2013	2012	December 31, 2013	December 31, 2012
Revenues	\$8,836	\$8,434	\$34,182	\$33,013
Net income attributable to HCA Holdings, Inc.	\$424	\$314	\$1,556	\$1,605
Losses (gains) on sales of facilities (net of tax)	(2)	(6)	7	(9)
Loss on retirement of debt (net of tax)	-	-	11	-
Legal claim costs (net of tax)	-	110	-	110
Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs (a)	422	418	1,574	1,706
Depreciation and amortization	461	425	1,753	1,679
Interest expense	456	462	1,848	1,798
Provision for income taxes	245	188	959	947
Net income attributable to noncontrolling interests	130	113	440	401
Adjusted EBITDA (a)	\$1,714	\$1,606	\$6,574	\$6,531
Diluted earnings per share:				
Net income attributable to HCA Holdings, Inc.	\$0.92	\$0.68	\$3.37	\$3.49
Losses (gains) on sales of facilities	-	(0.01)	0.02	(0.02)
Loss on retirement of debt	-	-	0.02	-
Legal claim costs	-	0.24	-	0.24
Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs (a)	\$0.92	\$0.91	\$3.41	\$3.71
Shares used in computing diluted earnings per share (000)	458,535	461,131	461,913	459,403

Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA should not be considered as measures of financial performance under generally accepted accounting principles ("GAAP"). We believe net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA are important measures that supplement discussions and analysis of our results of operations. We believe it is useful to investors to provide disclosures of our results of operations on the same basis used by management. Management relies upon net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA as the primary measures to review and assess operating performance of its hospital facilities and their management teams.

Management and investors review both the overall performance (including net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and GAAP net income attributable to HCA Holdings, Inc.) and operating performance (Adjusted EBITDA) of our health care facilities. Adjusted EBITDA and the Adjusted EBITDA margin (Adjusted EBITDA divided by revenues) are utilized by management and investors to compare our current operating results with the corresponding periods during the previous year and to compare our operating results with other companies in the health care industry. It is reasonable to expect that losses (gains) on sales of facilities and losses on retirement of debt will occur in future periods, but the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our health care facilities and complicate period comparisons of our results of operations and operations comparisons with other health care companies.

Net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA are not measures of financial performance under GAAP and should not be considered as alternatives to net income attributable to HCA Holdings, Inc. as a measure of operating performance or cash flows from operating, investing and financing activities as a measure of liquidity. Because net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA are not measurements determined in accordance with GAAP and are susceptible to varying calculations, net income attributable to HCA Holdings, Inc., excluding losses (gains) on sales of facilities, loss on retirement of debt and legal claim costs, and Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures presented by other companies.

HCA Holdings, Inc.
Condensed Consolidated Balance Sheets

116

(Dollars in millions)

December 31, September 30, December 31,
2013 2013 2012

ASSETS

Current assets:

Cash and cash equivalents	\$414	\$484	\$705
Accounts receivable, net	5,208	4,924	4,672
Inventories	1,179	1,135	1,086
Deferred income taxes	489	400	385
Other	747	828	915
Total current assets	8,037	7,771	7,763

Property and equipment, at cost

Property and equipment, at cost	31,073	30,472	29,527
Accumulated depreciation	(17,454)	(17,150)	(16,342)
	13,619	13,322	13,185

Investments of insurance subsidiaries

Investments of insurance subsidiaries	448	402	515
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Investments in and advances to affiliates

Investments in and advances to affiliates	121	125	104
---	-----	-----	-----

Goodwill and other intangible assets

Goodwill and other intangible assets	5,903	5,832	5,539
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Deferred loan costs

Deferred loan costs	237	250	290
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Other	466	691	679
-------	-----	-----	-----

	\$28,831	\$28,393	\$28,075
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LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Accounts payable	\$1,803	\$1,582	\$1,768
Accrued salaries	1,193	1,085	1,120
Other accrued expenses	1,913	1,764	1,849
Long-term debt due within one year	786	988	1,435
Total current liabilities	5,695	5,419	6,172

Long-term debt

Long-term debt	27,590	27,389	27,495
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Professional liability risks

Professional liability risks	949	959	973
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Income taxes and other liabilities

Income taxes and other liabilities	1,525	1,670	1,776
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EQUITY (DEFICIT)

Stockholders' deficit attributable to HCA Holdings, Inc.	(8,270)	(8,376)	(9,660)
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Noncontrolling interests

Noncontrolling interests	1,342	1,332	1,319
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Total deficit	(6,928)	(7,044)	(8,341)
---------------	---------	---------	---------

	\$28,831	\$28,393	\$28,075
--	----------	----------	----------

HCA Holdings, Inc.**Condensed Consolidated Statements of Cash Flows**

For the Years Ended December 31, 2013 and 2012

(Dollars in millions)

2013 2012

Cash flows from operating activities:

Net income	\$1,996	\$2,006
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Adjustments to reconcile net income to net cash provided by operating activities:

Changes in operating assets and liabilities	(4,272)	(3,663)
---	---------	---------

Provision for doubtful accounts	3,858	3,770
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Depreciation and amortization	1,753	1,679
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Income taxes	143	96
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Losses (gains) on sales of facilities	10	(15)
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Loss on retirement of debt	17	-
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Legal claim costs	-	175
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Amortization of deferred loan costs	55	62
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**C, Orderly Development--7(C)
TDH Inspection & Plan of Correction**

Board for Licensing Health Care Facilities



State of Tennessee

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

HTI MEMOFIAL HOSPITAL CORPORATION

to conduct and maintain a

Hospital

TRISTAR SKYLINE MEDICAL CENTER

Located at

3441 DICKERSON PIKE, NASHVILLE

County of

DAVIDSON

Tennessee.

This license shall expire JULY 01, 2014, *and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

In Witness Whereof, we have hereunto set our hand and seal of the State this 1ST *day of* JULY, 2013

In the Distinct Category(ies) of: GENERAL HOSPITAL
PEDIATRIC PRIMARY HOSPITAL



By

Kevin J. Davis, MPH

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By

John J. Davis, MD

0000000023

No. of Beds

0395



Re: # 7887

CCN: #440006

Program: Hospital

Accreditation Expiration Date: August 17, 2016

Steve Otto
Chief Executive Officer
Skyline Medical Center
3441 Dickerson Pike
Nashville, Tennessee 37207

Dear Mr. Otto:

This letter confirms that your August 12, 2013 - August 16, 2013 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on October 04, 2013, October 19, 2013 and November 11, 2013 and the successful on-site Medicare Deficiency Follow-up event conducted on September 27, 2013, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of August 17, 2013. We congratulate you on your effective resolution of these deficiencies.

§482.12 Governing Body
§482.41 Physical Environment

The Joint Commission is also recommending your organization for continued Medicare certification effective August 17, 2013. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following location(s):

Skyline Madison Campus
500 Hospital Drive, Madison, TN, 37115

Skyline Medical Center
3441 Dickerson Pike, Nashville, TN, 37207

We direct your attention to some important Joint Commission policies. First, your Medicare report is publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and

www.jointcommission.org

Headquarters

One Renaissance Boulevard
Oakbrook Terrace, IL 60181
630 792 5000 Voice



Medicaid Services. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,

Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services
CMS/Regional Office 4 /Survey and Certification Staff



Skyline Medical Center
3441 Dickerson Pike
Nashville, TN 37207

Organization Identification Number: 7887

Evidence of Standards Compliance (45 Day) Submitted: 11/11/2013

Program(s)
Hospital Accreditation

Executive Summary

Hospital Accreditation : As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

122
**The Joint Commission
Summary of Compliance**

Program	Standard	Level of Compliance
HAP	LS.02.01.20	Compliant

The Joint Commission
Summary of CMS Findings

CoP: §482.41 **Tag:** A-0700 **Deficiency:** Compliant

Corresponds to: HAP

Text: §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.20/EP1	Compliant

Skyline Medical Center
3441 Dickerson Pike
Nashville, TN 37207

Organization Identification Number: 7887

Program(s)
Hospital Accreditation

Survey Date(s)
09/27/2013-09/27/2013

Executive Summary

Hospital Accreditation : As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

- Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

The Joint Commission Summary of Findings

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day the survey report was originally posted to your organization's extranet site:

Program: Hospital Accreditation
Program

Standards: LS.02.01.20 EP1

The Joint Commission
Summary of CMS Findings

126

CoP: §482.41 **Tag:** A-0700 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.20/EP1	Standard

The Joint Commission Findings

ESC 45 days

Chapter: Life Safety
Program: Hospital Accreditation
Standard: LS.02.01.20
Standard Text: The hospital maintains the integrity of the means of egress.
Primary Priority Focus Area: Physical Environment
Element(s) of Performance:

1. Doors in a means of egress are unlocked in the direction of egress.
(For full text and any exceptions, refer to NFPA 101-2000:
18/19.2.2.2.4)



Scoring

Category : A
Score : Insufficient Compliance

Observation(s):

EP 1

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Skyline Medical Center (3441 Dickerson Pike, Nashville, TN) site for the Hospital deemed service.

During the building tour, it was observed that two sets of double doors leading into the Cath Lab from the adjacent corridors were found to be secured with magnetic devices but were not also equipped with an occupancy sensor and emergency push to exit buttons that would permit free egress, as marked by exit signs, out of the unit to the corridors. It was also observed that the double doors leading INTO the CCU unit, in a marked egress path (marked by an exit sign) are locked with a magnetic device but were not also equipped with an occupancy sensor and emergency push to exit button to permit free access to the marked egress path. Each of these doors are required to be compliant with NFPA LSC 2000 edition, 7.2.1.6 Special Locking Arrangements.



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975 C HIGHWAY 45 BYPASS
JACKSON, TENNESSEE 38305
731-984-9684

November 8, 2011

Mr. Steve Otto, Administrator
Skyline Medical Center
3441 Dickerson Pike
Nashville, TN 37207

Dear Mr. Otto:

On **November 4, 2011**, our office completed a revisit to verify that your facility had achieved and maintained compliance. Based on our revisit, we found that your facility had demonstrated compliance with deficiencies cited on the **fire safety licensure survey** completed on **September 20, 2011**.

If this office may be of any assistance to you, please call 731-984-9710.

Sincerely,

A handwritten signature in cursive script that reads "P. Diane Carter".

P. Diane Carter, RN, LNCC
Public Health Nurse Consultant 2

PDC/tjw

November 2, 2011

Ms. P. Diane Carter
Public Health Consultant Nurse 2
State of Tennessee Department of Health
West Tennessee Health Care Facilities
2975C Highway 45 Bypass
Jackson, Tennessee 38305-3608

Re: Skyline Medical Center
Licensure Survey-Fire Safety

Dear Ms. Carter,

Enclosed is Skyline Medical Center's revised plan of corrective action in response to your letter dated October 24, 2011. We hope this letter and its attachments expand the description of the numerous actions the hospital has taken to ensure compliance with each of the fire safety deficiencies cited and provides credible evidence of full compliance.

If you require additional information or if I can be of assistance, please do not hesitate to call me at 615-769-7114.

Sincerely,



Steve Otto
Chief Executive Officer

Enclosures

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER TNP 53123	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - Main Building 01 B. WING _____	(X3) DATE SURVEY COMPLETED C 09/20/2011
NAME OF PROVIDER OR SUPPLIER SKYLINE MEDICAL CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 3441 DICKERSON PIKE NASHVILLE, TN 37207	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
	<p>H 901 1200-8-1-09 (I) Life Safety</p> <p>(1) Any hospital which complies with the required applicable building and fire safety regulations at the time the board adopts new codes or regulations will, so long as such compliance is maintained (either with or without waivers of specific provisions), be considered to be in compliance with the requirements of the new codes or regulations.</p> <p>This Rule is not met as evidenced by: Based on observations, it was determined the facility failed to comply with the life safety codes as required.</p> <p>The findings included:</p> <p>1. Observation of the kitchen on 9/19/11 at 1:22 PM, revealed the housekeeping door did not have a door closure causing the closet not maintaining a negative air pressure.</p>	H 901	<p><u>Deficiency:</u> Facility failed to comply with the life safety codes as required.</p> <p><u>Corrective Action:</u> The Plant Operations Department installed a door closure on the housekeeping door in the kitchen. Inspection by the Director Facilities Management on 9/22/11 noted the housekeeping door to latch securely. The Director of Food and Nutrition Services was notified the door was to remain closed at all times. A sign stating "We must keep this door closed at all times" was placed on the door to alert FNS staff. The Director of Food & Nutrition Services also communicated this to the staff utilizing the housekeeping area in a 1:1 conversation. Exhibit I</p> <p><u>Responsible Parties:</u> Director Facilities Management</p> <p><u>Compliance Monitoring:</u> Plant Operations has set up a re-occurring work order that will cause an inspection to be done by the Director of Facilities Management once per week beginning immediately and continuing for 4 months. If no issues are found, doors will be checked during normal EOC rounds semi-annually. Any door found not closed during rounding will be communicated to the Director of Food & Nutrition Services for immediate follow-up. The Director Food & Nutrition Services is also performing daily monitoring to ensure the door is latched securely. The audits will daily for 2 months. If no issues are noted, the observation of compliance will change to the monthly surveillance rounding. The audits will be reported to the Environment of Care Committee quarterly, forwarded to the Performance Improvement Council, Medical Executive Committee and Board of Trustees for their review, input and recommendations as needed.</p>	<p>9/21/11</p> <p>09/30/11</p> <p>10/07/11</p> <p>10/29/11</p>

Division of Health Care Facilities

Title

(X6) Date

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM

6899

C49B21

If continuation sheet 1 of 3

Division of Health Services

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER TNP 53123	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01- Main Building 01 B. WING _____	(X3) DATE SURVEY COMPLETED C 09/20/2011
NAME OF PROVIDER OR SUPPLIER SKYLINE MEDICAL CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 3441 DICKERSON PIKE NASHVILLE, TN 37207	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
	H 901 1200-8-1-09 (1) Life Safety Continued page 2 2. Observation of the kitchen on 9/19/11 at 1:26 PM, revealed the paper goods storage room door was wedged open with a rubber door stop.	H901	<p><u>Deficiency:</u> Facility failed to comply with the life safety codes as required.</p> <p><u>Corrective Action:</u> The Plant Operations Department inspected the door that was wedged open and validated the door had no closure difficulties; therefore the rubber wedge was removed. The Director Food & Nutrition Services was notified at that time to not have the door propped open with any objects. The Director of Food and Nutrition Services communicated with the staff at a special meeting the importance of not propping any doors open at any time, especially rubber door stops. This door is in the kitchen is able to be left open, so the Plant Operations Department installed a "magnetic door hinge" which allows this to happen. The door has the ability to release to the closed position in case of fire. This was checked by the Director Facilities Management and Chief Quality & Patient Safety Officer during their weekly rounds.</p> <p><u>Responsible Parties:</u> Director Facilities Management, Director Food and Nutrition Services</p> <p><u>Compliance Monitoring:</u> Plant Operations has set up a re-occurring work order that will cause an inspection to be done by the Director of Facilities Management once per week beginning immediately and continuing for 4 months. If no issues are found, doors will be checked during normal EOC rounds semi-annually. Doors found propped open will be communicated to the Director of Food & Nutrition Services for immediate follow-up. The Director of Food and Nutrition Services is also performing daily monitoring to validate that no doors are propped open with any objects for 2 months. If no issues are noted, the observation of compliance will change to the monthly surveillance rounding. The audit results will be reported quarterly at the Environment of care Committee, Performance Improvement/Patient Safety Council, Medical Executive Committee and Board of Trustees for their review, input and recommendations as needed.</p>	09/21/11 10/04/11 10/27/11 10/07/11 10/29/11

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE
STATE FORM

6899

C49B21

Title



CEO

(X6) Date

11/3/11

If continuation sheet 2 of 3

Division of Health Services

PRINTED: 09/22/2011
FORM APPROVED

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER TNP 53123	(X2) MULTIPLE CONSTRUCTION A. BUILDING <u>01- Main Building 01</u> B. WING _____	(X3) DATE SURVEY COMPLETED C 09/20/2011
NAME OF PROVIDER OR SUPPLIER SKYLINE MEDICAL CENTER		STREET ADDRESS, CITY, STATE, ZIP CODE 3441 DICKERSON PIKE NASHVILLE, TN 37207		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
	<p>H 901 1200-8-1-09 (1) Life Safety</p> <p>Continued page 3</p> <p>3. Observation of the kitchen on 9/19/11 at 1:30 PM, revealed kitchen hood suppression fore extinguishing nozzles were not centered over the cooking equipment.</p> <p>These findings were acknowledged by the director of facilities management during the exit interview on 9/20/11.</p>	H 901	<p><u>Deficiency:</u> Facility failed to comply with the life safety codes as required.</p> <p><u>Corrective Action:</u> The Plant Operations Department notified Simplex Grinnell of the need to inspect the hood suppression pipes in the kitchen over the new cooking equipment.</p> <p>Simplex Grinnell inspected the kitchen hood suppression pipes and changed them to cover the new kitchen appliances. Exhibit K</p> <p><u>Responsible Parties:</u> Director Facilities Management</p> <p><u>Compliance Monitoring:</u> The Director of Facilities Management and Chief Quality & Patient Safety Officer inspected the hood suppression pipes in the kitchen and found them appropriately placed covering the cooking equipment. These suppression pipes are permanently placed and cannot be adjusted by any kitchen staff. Simplex Grinnell has a biannual maintenance already scheduled to inspect the suppression hood nozzles, hood exhaust fans, etc. The last inspection was on 6/23/11 therefore the next inspection is scheduled for 12/2011. If any issues are found during an inspection, they are corrected at that time. Documentation of the inspections is kept in the Plant Operations Department. Any deficiencies in the inspections for the next 2 years will be reported to the Environment of Care Committee, Performance Improvement/Patient Safety Council, Medical Executive Committee and Board of Trustees for review, input and recommendations as needed.</p>	<p>09/21/11</p> <p>9/29/11</p> <p>10/07/11</p>

Division of Health Care Facilities

Title

(X6) Date

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE
STATE FORM

6899

C49B21

 CEO 11/13/11

If continuation sheet 3 of 3

Division of Health Services

PRINTED: 09/22/2011
FORM APPROVED

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER TNP 53123	(X2) MULTIPLE CONSTRUCTION A. BUILDING <u>02-Madison Campus</u> B. WING _____	(X3) DATE SURVEY COMPLETED C 09/20/2011
NAME OF PROVIDER OR SUPPLIER SKYLINE MEDICAL CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 3441 DICKERSON PIKE NASHVILLE, TN 37207	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 901	<p>1200-8-1-09 (1) Life Safety</p> <p>(1) Any hospital which complies with the required applicable building and fire safety regulations at the time the board adopts new codes or regulations will, so long as such compliance is maintained (either with or without waivers of specific provisions), be considered to be in compliance with the requirements of the new codes or regulations.</p> <p>This Rule is not met as evidenced by: Based on observations, it was determined the facility failed to comply with the life safety codes as required.</p> <p>The findings included:</p> <p>Observation on 9/20/11 at 10:40 AM, revealed a penetration above the corridor doors in the smoke wall partition adjacent at 339.</p> <p>This findings was acknowledged by the director of facilities management and the plant operations manager during the exit interview on 9/20/11.</p>	H 901	<p><u>Deficiency:</u> Facility failed to comply with the life safety codes as required.</p> <p><u>Corrective Action:</u> The penetration was sealed at the time it was found. Skyline Medical Center has a "No Pass, No Pay" policy that details the process to ensure all fire/smoke wall penetrations complies with state and national fire code requirements. The policy was reviewed by the Director Facilities Management and no changes were needed. Upon completion of the contractors work, the contractor fills out the No Pass No Pay form (included on the policy) and gives the completed form to the Plant Operations Department. Owner's representative (Plant Operations, Biomedical or Information Systems) conducts an inspection of all new penetrations to ensure they are sealed. If the penetrations are not sealed, the contractor is made aware and payment is held until the penetrations are sealed and the work is re-inspected. Exhibit H</p> <p><u>Responsible Parties:</u> Director Facilities Management and Plant Operations Manager at Madison Campus</p> <p><u>Compliance Monitoring:</u> The Director Facilities Management and Plant Operations Manager (Madison Campus) conduct quarterly fire barrier inspections. If penetrations are found, they are sealed at the time of the inspection. Penetrations are reported as part of the surveillance to the Environment of Care Committee quarterly, forwarded to the Performance Improvement Council, Medical Executive Committee and Board of Trustees for their review, input and recommendations as needed. As noted above, the hospital is monitoring every outside contractor work and sealing of penetrations during each visit to the facility. Non-compliance results in no pay to the contractor until a re-inspection is done and passed.</p>	<p>09/20/11</p> <p>09/30/11</p> <p>10/01/11</p>

Division of Health Care Facilities

Title

(X6) Date

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE
STATE FORM

6899

C49B21

 **CEO** **10/3/11**

If continuation sheet 1 of 1



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975C HIGHWAY 45 BYPASS
JACKSON, TENNESSEE 38305-3608

September 26, 2011

Mr. Steve Otto, Administrator
Skyline Medical Center
3441 Dickerson Pike
Nashville, TN 37207

RE: Licensure Surveys

Dear Mr. Otto:

Enclosed is the statement of deficiencies for the licensure surveys completed at your facility on **September 19 - 21, 2011**. Based upon 1200-8-1, you are asked to submit an acceptable plan of correction for achieving compliance with completion dates and signature within **ten (10) days from the date of this letter**.

Please address each deficiency separately with positive and specific statements advising this office of a plan of correction that includes acceptable time schedule, which will lead to the correction of the cited deficiencies. **Enter on the right side of the State Form, opposite the deficiencies**, your planned action to correct the deficiencies and the expected completion date. The completion date can be no longer than **45 days from the day of survey**. Before the plan can be considered "acceptable," it must be signed and dated by the administrator

Your plan of correction must contain the following:

- > How the deficiency will be corrected;
- > How the facility will prevent the same deficiency from recurring.
- > The date the deficiency will be corrected;
- > How ongoing compliance will be monitored.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

If assistance is needed, please feel free to call me at 731-984-9710.

Sincerely,

P. Diane Carter

P. Diane Carter, RN, LNCC
Public Health Consultant Nurse 2

PDC/tjw

OCT - 4 2011



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
2975C HIGHWAY 45 BYPASS
JACKSON, TENNESSEE 38305-3608
731-984-9684

September 26, 2011

Administrator
Skyline Medical Center
3441 Dickerson Pike
Nashville, TN 37207

RE: PECU Licensure Survey

Dear Administrator:

We are pleased to advise you that no deficiencies were cited as a result of the licensure survey conducted at your facility on **September 21, 2011. The attached form is for your files.**

If this office may be of any assistance to you, please do not hesitate to call (731) 984-9710.

Sincerely,

P. Diane Carter

P. Diane Carter, RN, LNCC
Public Health Nurse Consultant 2

tjw
PDC/tjw

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53123	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 09/21/2011
NAME OF PROVIDER OR SUPPLIER SKYLINE MEDICAL CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 3441 DICKERSON PIKE NASHVILLE, TN 37207		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
P 002	1200-8-30 No Deficiencies Based on policy review, medical record review, observation, and interviews, the facility complied with the regulations for a Primary Pediatric Emergency Care Facility. No deficiencies were cited during the annual licensure survey conducted 9/19/11 - 9/21/11.	P 002			

COPY

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

0498

70XM11

If continuation sheet 1 of 1

JAN 2 1 46 PM '14

AFFIDAVITSTATE OF TENNESSEECOUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

SIGNATURE/TITLE

Sworn to and subscribed before me this 10th day of JUNE, 2014 a Notary
(Month) (Year)

Public in and for the County/State of Tennessee.



NOTARY PUBLIC

My commission expires November 5, 2014.
(Month/Day) (Year)



SUPPLEMENTAL
#1

June 23, 2014

Jeff Grimm, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1406-020
TriStar Skyline Medical Center

Dear Mr. Grimm:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Proof of Publication

The copy of the Letter of Intent provided in the application was for a different project by a different provider in lieu of this proposal by TriStar Skyline Hospital. Please provide a replacement page with copy of the LOI for this project that was published in the June 10, 2014 Tennessean.

Attached after this page is a photocopy of the published letter of intent for this project. The applicant did submit the original newspaper page displaying the letter of intent for this project. We regret having photocopied an adjoining notice when the newspaper page was folded incorrectly to make multiple copies.

2. Section A, Applicant Profile, Item 9

a. The bed complement of the main campus on page 3a identifies 100 staffed of 103 proposed licensed med/surg beds. Given that the licensed beds of all other services are fully staffed, please discuss the status of the four (4) unstaffed med/surg beds by identifying those key factors that preclude them from being placed in operation.

On the fourth floor, two beds have been taken out of service to be reconfigured as a group dialysis space. On the fifth floor, one bed was taken out of service several years ago, for use as an EEG/Epilepsy monitoring room. On the seventh floor, a room initially licensed as a semi-private room is being operated as a private room, in compliance with the hospital's policy of having all private rooms.

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- Water Heaters
- Drain Cleaning
- 529 Savings Plan
- Senior Discount
- Bonded & Licensed (#003518)
- www.unameit.com
- handyman.com
- www.michaelshayer.com
- CALL MIKE
- 615-948-9158

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Bed Cleaning,
Maintenance
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615-497-3074 or mayo
llopez@aol.com

Public Notices
0101742792
On May 29, 2014,
South Central Com-
munications Corpora-
tion, a Tennessee cor-
poration, filed a Petition
for Reorganization under
Chapter 11 of the United
States Bankruptcy Code
in the United States Bank-
ruptcy Court for the
Southern District of New
York. The Petition is
available for public view
on the court's website at
www.uscourts.gov.

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Wanted: A new job
When you want a change,
find a new job in
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Page Two
June 23, 2014

b. In your response, please also clarify why all med/surg beds at the main campus will not be staffed at completion of the project.

All of the proposed 137 medical-surgical beds will be staffed. The Section A, question 9a data table (page 3a of the application) for the main campus lists 138 currently licensed medical-surgical beds, of which 134 are currently staffed. That staffing column does not pertain to proposed beds.

3. Section A, Applicant Profile, Item 13 and Section C, Orderly Development, Item 9

The applicant's contractual relationships with AmeriGroup, United Community Healthcare Plan and TennCare Select are noted. However, it appears that new TennCare contracts will take effect January 1, 2015 with full statewide implementation for AmeriGroup, BlueCare Tennessee and United Healthcare. Please indicate if the applicant intends to contract with BlueCare Tennessee and the impact same might have to the applicant's public payor mix. In your response, it would help to briefly describe the status of contract discussions with BlueCare Tennessee?

TriStar HCA has already contracted with BlueCare Tennessee, in preparation for the changeover. No change in Skyline's public payor mix is projected, because for years HCA hospitals have been contracted to all the Middle Tennessee TennCare MCO's, ensuring access to all enrollees.

4. Section B, Project Description, Item II A.

These use of the tables included in the response to this item are greatly appreciated. As a suggestion, it would be helpful to slightly change Table Two – D (Proposed Bed Changes by Floor) to include the # of licensed beds both before and after project completion.

The page is not wide enough to add columns to Two-D; so the requested data for total beds on the three affected floors are shown below in new Table Two-E.

Table Two-E (Supplemental): Licensed Bed Changes, Affected Floors			
Floor	Current Licensed Beds	Proposed Licensed Beds	Change
2	22	33	+11
3	31	31	NC
4	32	34	+2
Totals	85	98	+13

Page Three
June 23, 2014

5. Section B, Project Description, Item II.B

a. While the applicant's summation refers to pages 7-9, it would be helpful to recap the impact of the project, such as the expected decrease of the peak capacity occupancy of the med/surg and ICU services. Some idea of what capacity issues are likely to remain may be helpful to an appreciation to future phases' of the applicant's long term plan.

It should be clarified that the project does not add any medical-surgical bed capacity. It actually reduces medical-surgical complements by one bed (138 reduced to 137). However, it makes three licensed spaces that have been inactive into three usable patient rooms, and in that sense it adds 2.2% to available capacity (3 recaptured beds / 134 previously staffed beds = 2.2%).

This small change will do very little to relieve the serious midweek shortage of medical-surgical beds. Significant relief can come only from adding a new patient floor, whose costs and feasibility are now being evaluated. As shown in application Table Ten (p. 40 of the application), the 2014 projected 79.1% occupancy on medical-surgical beds will continue to increase every year unless beds are added. As the annual average increases, so will the peaks of occupancy.

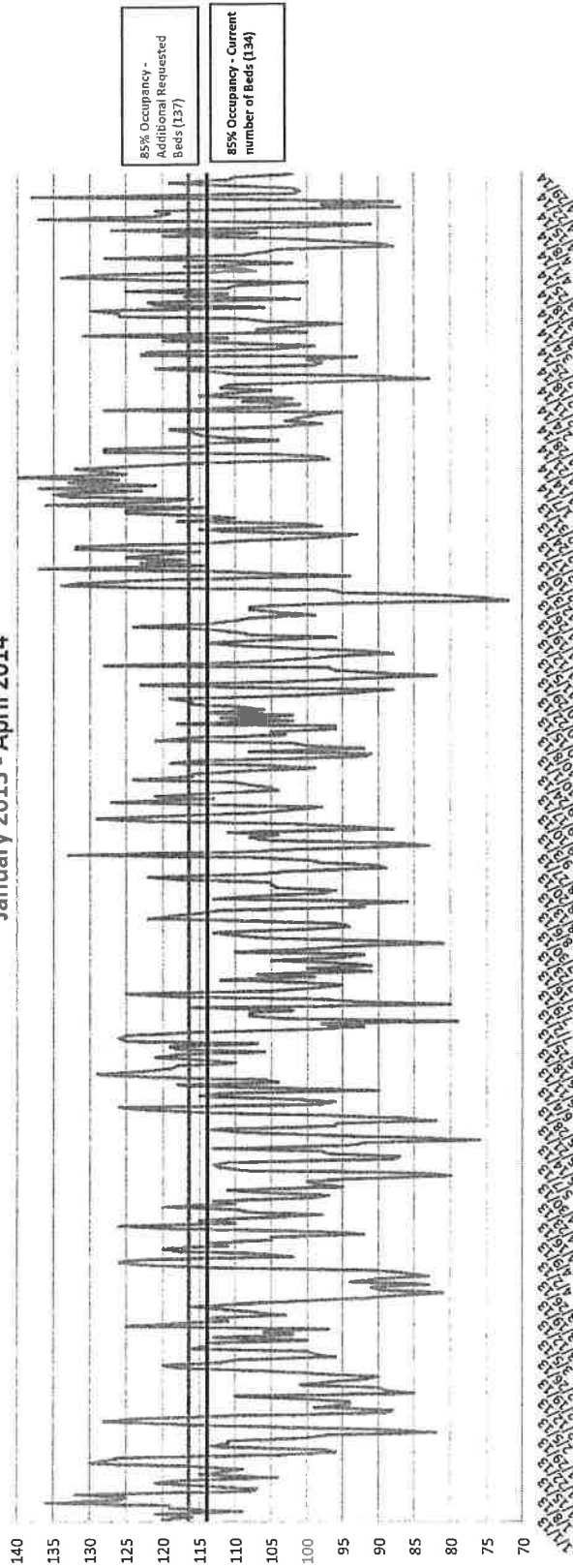
Skyline's ICU beds will experience some relief from this bed transfer. The project will add eleven ICU beds by CY2016, which will be a 32.2% increase in ICU bed capacity. This will allow average occupancies to decrease from almost 90% to a more manageable, but still high, occupancy of 82% three years from now. Peaks beyond 85% are still expected, but less frequently.

Please also see the new graphs attached following this page. They illustrate the differences described above.

b. Review of the Square Footage Chart provided in the attachment revealed approximately 642 square feet per ICU-Neuro bed compared to 592 square feet per ICU bed. What accounts for the difference between the two? What accounts for the decision not to increase the size of the ICU and the med/surg areas on a per bed basis with the proposed renovation?

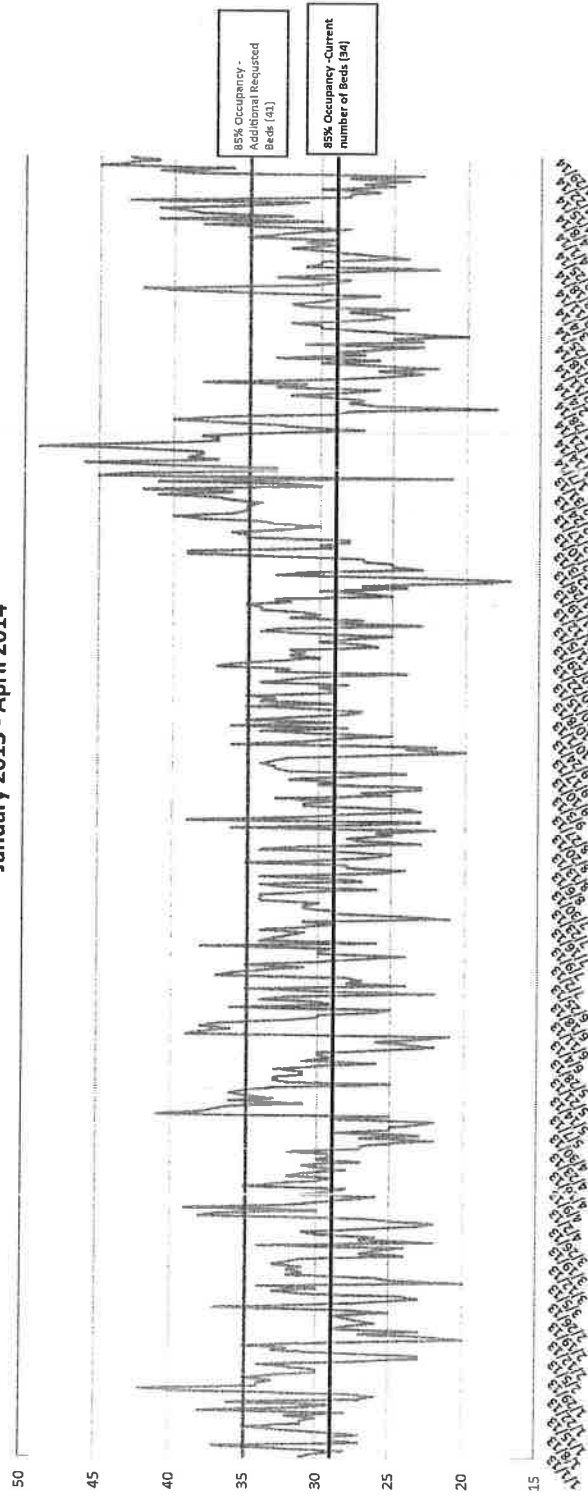
There is no clinical reason for the difference in average space per bed. Nor is there any clinical or regulatory reason to change the space per bed in either unit, or to make them identical. Existing and proposed ICU areas meet or exceed Licensure and AIA standards. Skyline is simply utilizing all the available space on those floors, and that sometimes leads to small differences in resulting space per bed. Your figure includes support space per bed, which always varies from hospital to hospital and unit to unit, depending on space available on each floor.

TriStar Skyline Medical Center
Med-Surg (Inpatient and Observation)
January 2013 - April 2014



JUN 24 11:10:40

TriStar Skyline Medical Center
ICU (Inpatient and Observation)
January 2013 - April 2014



Page Four
June 23, 2014

6. Section B, Project Description, Item II.C, Section C, Need, Item 1(Project Specific Criteria: Replacement of Health care Institutions) and Section C, Need, Item 6

The applicant notes the hospital's pending designation as a Trauma Center. Does the applicant have any metrics to illustrate the impact of the designation to hospital admissions through the hospital's emergency department? As a suggestion, please provide an estimate of the impact by completing the table below:

Emergency Department	2011	2012	2013	Projected 2014*	Projected 2015	Year 1 2016	Year 2 2017
Total ED Patient Visits	50,749	54,742	54,530	58,565 (+7.5%)	61,493 (+5%)	64,568 (+5%)	67,796 (+5%)
% of Hospital Admissions Through ED	66%	68%	71%	72%	74%	74%	74%

** Provisional Trauma Center Designation received. Annualization based on five months January-May 2014.*

Being a provisionally designated Trauma Center, and being located immediately beside I-65, Skyline will receive a high percentage of its inpatient admissions through the ED. That percentage has increased from 66% in 2011 to 72% YTD 2014. Skyline administration conservatively estimates that it will climb to 74% next year, before leveling out.

7. Section B, Project Description, Item IV.

The floor plans for the proposed project requiring renovation of several floors of the hospital main campus are noted (floors 2, 4 and 5). Are any areas of these floors currently reserved for "future use" for conversion based on the 37 med/surg beds remaining at the Madison satellite campus? If so, can the applicant also outline those locations on the documents?

There is no floor space reserved for future use. This project will complete all expansion potential within the hospital's existing footprint, on all floors. Further expansions of inpatient capacity will require new construction. Options for that are currently being reviewed. It is expected that such additions would involve transfer of bed capacity from Skyline's Madison campus.

Page Five
June 23, 2014

8. Section C, Need, Item 1. (Service Specific Criteria-Acute Care Bed Services, #1)

a. Please indicate the most recent period licensed occupancy (e.g., 2013 if possible) of inpatient medical surgical beds and ICU beds for each of the HCA hospitals in the applicant's service area.

That information is still being gathered, and will be provided under separate cover mid-week. Thank you for your patience.

b. The applicant identifies a surplus of 1,209 acute care hospital beds in the 4-county proposed service area based on projections by TDH using bed counts from the 2012 JAR. Review of the TDH Licensed Facilities Report shows 4,019 licensed beds in Davidson County, 270 in Montgomery, 109 in Robertson and 303 in Sumner for a total of 4,701 licensed beds in the service area. As a result, the response might also reflect that the estimated surplus in calendar year 2018 might be 1,474 beds in lieu of the 1,209 beds when taking into account current licensed beds. While it is understood that the acute care bed need specific criteria does not apply to this project (based on no net change to the hospital's current 385 licensed bed complement), please comment on the use of current licensed inventory in the 4-county service area to measure potential bed surplus.

The applicant does not feel authorized to project its own "net need/surplus" using TDH's CY2012 need/surplus projections and the actual CY2014 licensed beds.

The reason is that applicants are expected to submit the official TDH projection of need/surplus in the project service area. It is a complex methodology. It requires a computer program that calculates Statewide patient origin and destination data to arrive at a "need" or "surplus" for each county. TDH statisticians have chosen to then compare the result to the licensed beds in that same year. The applicant is not prepared to say that this is incorrect. But as you point out, it is an academic point because this project is not proposing a change in licensed bed complements.

Page Six
June 23, 2014

9. Section C, Need, Item 5 and Section C, Orderly Development, Item 2

Based on peak capacity, the applicant notes that patients waiting for room assignments are backed up in the ED or in surgical recovery holding areas. In addition to the peak capacity illustrations on pages 17-20, are any metrics available to illustrate patient waiting times in the ED and/or surgical holding areas of the hospital for the most recent 12 month period?

The only currently available metric, and the most recent, is that from January 1, 2014 to June 18, 2014, there have been 5,222 hours of admitted patients being held in the Emergency Department for lack of an available inpatient bed. No metrics have been gathered for "hold" hours in Surgery.

10. Section C, Economic Feasibility, Item 4

The Projected Data Charts are noted. For the main campus chart showing all services including inpatient, outpatient and emergency, what impact does this project have on the hospital's 21% inpatient gross operating revenue increase from 2013 to Year 1 of the project?

Some of that 6%-6.5% annual gross charges increase over a three-year period results from annual increases in the overall hospital charge-master, for all services. The part seemingly attributable to this project would be what gross revenues would be generated by having eleven more ICU beds available.

11. Section C, Economic Feasibility, Item 10

The applicant's financial documents are noted. Please clarify if the documents are audited.

TriStar Skyline's income statement and balance sheet are not audited; HCA does not perform hospital-level audits but rather a consolidated companwide audit. HCA's statements are audited and published.

Page Seven
June 23, 2014

12. Section C, Orderly Development, Item 3

Per the Projected Data Charts, it appears that there is an estimated 4.2% increase in the salaries/wages operating expense category of the med/surg and ICU services and a 4.9% increase for the hospital as a whole. Please briefly discuss the impact this project has on staffing at both the main hospital and Madison satellite campus. The remarks refer to table sixteen showing projected FTEs. This table appears to be missing from the application. Please provide the referenced table.

The staffing table omitted from the original submittal is attached following this page.

The Madison campus will not be affected in its salaries and wages, because the beds being transferred from that campus are not currently staffed. The main hospital will increase staff from 2014 to 2017 by an estimated 35.5 staff overall, approximately two-thirds of whom will be in the expanded Critical Care Departments, and approximately one-third in the Medical-Surgical Department. Bear in mind that the increase in that line item includes not only new staff, but also annual salary increases for existing staff.

13. Section C, Orderly Development, Item 7 (d)

The copy of the most recent licensure inspection dated September 20, 2011 is noted. Please clarify if there have been any licensure surveys or inspections since 2011 by the State of Tennessee. If so, please provide a copy.

The hospital affirms that this was the most recent licensure inspection.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn
Consultant

AFFIDAVIT

SUPPLEMENTAL

JUN 23 AM 10:40

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

Skyline Medical Center

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



Signature/Title

A handwritten signature of John Wellborn in cursive script.

Sworn to and subscribed before me, a Notary Public, this the 23rd day of June, 2014, witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

A handwritten signature of Jan M. Danforth in cursive script.

My commission expires November 5, 2014.

COPY

ADDITIONAL
INFORMATION

Supplemental -1

TRISTAR SKYLINE
MEDICAL CENTER

CN1406-020

June 24, 2014

1:10 pm

June 24, 2014

Jeff Grimm, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1406-020
TriStar Skyline Medical Center

Dear Mr. Grimm:

This letter responds to your question #8 in your first supplemental information request, which we were not able to answer at the time we submitted our responses to the other questions, dated June 23..


8. Section C, Need, Item 1. (Service Specific Criteria-Acute Care Bed Services, #1)

a. Please indicate the most recent period licensed occupancy (e.g., 2013 if possible) of inpatient medical surgical beds and ICU beds for each of the HCA hospitals in the applicant's service area.

Please see the new table attached after this page.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,


John Wellborn
Consultant

June 24, 2014**1:10 pm**

Skyline Medical Center CON Application CN1406-020 Response to Supplemental Question 8(a) HCA Davidson and Sumner County Hospitals Medical-Surgical Admissions & Occupancy in CY2013				
MEDICAL-SURGICAL BEDS	Licensed Beds	Admissions	Patient Days	Occupancy %
Centennial Medical Center	240	14,895	72,296	82.5%
Skyline Medical Center	134	6,598	33,398	68.3%
Southern Hills Medical Center	53	2,603	12,068	62.4%
Summit Medical Center	110	7,507	31,031	77.3%
Hendersonville Medical Center	73	3,558	14,790	55.5%
Total	610	35,161	163,583	73.5%
ICU/CCU BEDS	Licensed Beds	Admissions	Patient Days	Occupancy %
Centennial Medical Center	88	4,411	18,143	56.5%
Skyline Medical Center	34	2,629	10,431	84.1%
Southern Hills Medical Center	20	1,202	4,127	56.5%
Summit Medical Center	24	1,344	5,024	57.4%
Hendersonville Medical Center	20	1,299	3,891	53.3%
Total	186	10,885	41,616	61.3%

Source: Hospital Management

June 24, 2014**1:10 pm****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: Enda Skyline Medical Center, Nashville

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

_____
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 24th day of June, 2014,
witness my hand at office in the County of Davidson, State of Tennessee.

NOTARY PUBLIC

My commission expires November 5, 2014.

HF-0043

Revised 7/02

SUPPLEMENTAL
#2

June 25, 2014

Jeff Grimm, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1406-020
TriStar Skyline Medical Center

Dear Mr. Grimm:

This letter responds to your second request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Section B, Project Description, Item II A.

The addendum to Table Two – D (Proposed Bed Changes by Floor) for changes on Floors 2, 3 and 4 is noted. It appears that an entry for the 5th Floor was missing from the 6/24/14 supplemental response. Since this Floor is included in Table Two-D and the Square Footage Chart in the attachment, it would be helpful to clarify.

Thank you for noting the omission. Below is a revised Table Two-D (Supplemental) to replace the response to question 4 in our June 23 responses. The net hospital-wide licensed bed increase will be 10 beds, not 14, because four of the 14 total beds in this table are currently licensed but not staffed. Those were identified in the first supplemental response.

Table Two-D (Supplemental): Bed Changes on Affected Floors			
Floor	Current Staffed Beds	Proposed Licensed and Staffed Beds	Change
2	22	33	+11
3	31	31	NC
4	32	34	+2
5	34	35	+1
Totals	85	98	+14

Page Two
June 25, 2014

Please note that an entry for the 5th Floor is also missing in Table Two-E on page 9 of the application. Please re-look at the visuals provided in the application and the 6/24/14 supplemental response and clarify as necessary.

Attached is revised page 9R, amending Table Two-E. It is the fifth floor, not the third floor, which required 313 SF of renovation. The renovation total is unchanged by the revision and Table Two-E is now consistent with the Square Footage Chart.

2. Section C, Need, Item 1. (Service Specific Criteria-Acute Care Bed Services, #1)

The licensed occupancy for 2013 of inpatient medical surgical beds and ICU beds for each of the HCA hospitals in the applicant's service area is noted. It appears that the licensed med-surg beds should be shown in the table as 138 licensed beds in lieu of 134 beds in the table provided with the 6/24/14 supplemental response. Please recall that 138 beds are shown in the Bed Complement table on page 3a of the application and in the table on page 40. Please also note that the licensed bed occupancy will change to 66.3% on 138 licensed beds. If this is correct, please provide a revised table. If not, please explain.

You are correct. A revised supplemental table showing 138 licensed medical-surgical beds is attached following this page.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn
Consultant

Skyline Medical Center CON Application CN1406-020 Response to First Supplemental Question 8(a)--Revised 6/25 on Second Supplemental Responses HCA Davidson and Sumner County Hospitals Medical-Surgical Admissions & Occupancy in CY2013				
MEDICAL-SURGICAL BEDS	Licensed Beds	Admissions	Patient Days	Occupancy %
Centennial Medical Center	240	14,895	72,296	82.5%
Skyline Medical Center	138	6,569	33,398	66.3%
Southern Hills Medical Center	53	2,603	12,068	62.4%
Summit Medical Center	110	7,507	31,031	77.3%
Hendersonville Medical Center	73	3,558	14,790	55.5%
Total	614	35,132	163,583	73.0%
ICU/CCU BEDS	Licensed Beds	Admissions	Patient Days	Occupancy %
Centennial Medical Center	88	4,411	18,143	56.5%
Skyline Medical Center	34	2,629	10,431	84.1%
Southern Hills Medical Center	20	1,202	4,127	56.5%
Summit Medical Center	24	1,344	5,024	57.4%
Hendersonville Medical Center	20	1,299	3,891	53.3%
Total	186	10,885	41,616	61.3%

Source: Hospital Management

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: TRISTAR SKYLINE MEDICAL CENTER

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25th day of June, 2014,
witness my hand at office in the County of Davidson, State of Tennessee.

Jan M. Danforth
NOTARY PUBLIC

My commission expires November 5, 2014.

HF-0043

Revised 7/02

CLARIFICATION OF INFORMATION -COPY-

TRISTAR SKYLINE MEDICAL
CENTER

CN1406-020

JUL 28 '14 PM 2:26

July 16, 2014

Jeff Grimm, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1406-020
TriStar Skyline Medical Center

Dear Mr. Grimm:

The referenced application was accepted on July 1, for a September HSDA Board hearing. This letter is to offer two changes to the document, which may be helpful in your staff review. If you consider the changes to be potentially substantive, please disregard them since we do not want these changes to alter our September decision date.

Attached page 36R, Table Nine, removes University Medical Center in Wilson County from the list of service area facilities in the previous Table Nine. Wilson County is not one of the four primary service area counties. This changes makes no significant difference in the area average occupancy.

Attached page 56R, Table Twelve, provides recently published 2013 financial data on area hospitals. The 2013 data were not available when the application was submitted. We thought you would like to have the Table updated.

Please let me know if these changes and additional information will be accepted in the review of this application so that I can prepare a final document for my client. Thank you.

Respectfully,



John Wellborn
Consultant

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: Skylar Medical Center

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28th day of July, 2014,
witness my hand at office in the County of DAVIDSON, State of Tennessee.

Jan M. D.
NOTARY PUBLIC

My commission expires July 2, 2018.

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LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Tennessean, which is a newspaper of general circulation in Davidson County, Tennessee, on or before June 13, 2014, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that TriStar Skyline Medical Center (a hospital), owned and managed by HTI Memorial Hospital Corporation (a corporation), intends to file an application for a Certificate of Need to increase its medical-surgical and intensive care bed capacity at its main campus at 3441 Dickerson Pike, Nashville, TN 37207 by a net of ten (10) beds, by renovation of existing spaces, at a capital cost estimated at approximately \$4,000,000. Simultaneously ten (10) licensed beds will be closed at TriStar Skyline's satellite campus in Davidson County.

TriStar Skyline Medical Center is currently licensed as an acute care hospital by the Board for Licensing Health Care Facilities. Its consolidated license is for 385 hospital beds--currently consisting of 213 beds at its main campus, and 172 beds at its satellite campus at 500 Hospital Drive, Madison, TN 37115 (also in Davidson County). This project will increase the main campus to 223 beds, and will reduce the satellite campus to 162 beds, so that the consolidated 385-bed license will not change. The project does not include major medical equipment or any new health service.

The anticipated date of filing the application is on or before June 13, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

John G. Wellborn 6-5-14 jwdsg@comcast.net
(Signature) (Date) (E-mail Address)

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: August 31, 2014

APPLICANT: TriStar Skyline Medical Center
3441 Dickerson Pike
Nashville, Tennessee 37207

CON#: CN1406-020

CONTACT PERSON: John Wellborn
Development Support Group
4219 Hillsboro Road, Suite 210
Nashville, Tennessee 37215

COST: \$3,951,732

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, TriStar Skyline Medical Center, located in Nashville (Davidson County), Tennessee, seeks Certificate of Need (CON) approval to increase its medical/surgical and intensive care bed capacity at its main campus located 3441 Dickerson Pike, Nashville, Tennessee, by 10 beds, by renovation of existing spaces, at an estimated cost of approximately \$4,000,000. The applicant will simultaneously delicense 10 licensed beds at TriStar Skyline's satellite campus in Davidson County.

TriStar Skyline is currently licensed as an acute care hospital. The consolidated license is for 385 hospital beds consisting of 213 beds at the main campus, and 172 beds at its satellite campus. This project will increase the main campus to 223 beds and will reduce the satellite campus to 162 beds, so the consolidated license will not change. The project does not include major medical equipment or any new health services.

This project consists of 9,422 square feet of renovated space at per square foot cost of \$218.86. This is reasonable in comparison to the 2010-12 hospital construction projects approved by HSDA.

TriStar Skyline Medical Center is wholly owned by HCA Health Services of Tennessee, Inc., whose ultimate parent company is HCA, Inc. Attachment A.4 contains an organizational chart and information of the Tennessee facilities owned by this facility's parent company.

The estimated cost of the project is \$3,951,732, all of which will be provided through a cash transfer from Skyline's parent company, HCA.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area includes Davidson, Montgomery, Robertson, and Sumner counties.

Service Area Total Population 2014 and 2018

County	2014 Population	2018 Population	% of Increase/ (Decrease)
Davidson	656,385	682,330	4.0%
Montgomery	187,649	200,561	6.9%
Robertson	70,391	74,371	5.7%
Sumner	172,262	183,406	6.5%
Total	1,086,687	1,140,668	5.0%

*Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics, 2020,
Tennessee Population Projections 2000-2020, Revision June 2013, Revision*

The applicant reports Skyline's main campus intensive care beds are highly utilized, with patients frequently held in the emergency department or in surgical recovery, waiting for admission to an intensive care bed. This project is the second phase of a three phase plan to convert the Madison satellite campus to an exclusively behavioral campus, concentrating all medical/surgical bed resources on Skyline's main campus. The first already approved CON was to move all of the satellite campus' rehabilitation beds to the main campus. This application, the second phase, is focus on moving critical beds to the main campus in the fastest and most cost-effective way possible, by internal renovations. After this phase is completed, all of the unused licensed beds at the Madison campus will have been transferred to the main campus.

The second and third phases of bed relocations are urgently needed. The medical/surgical patients and admissions have grown steadily and all current beds are experiencing high occupancies. The applicant's neurosciences program continues to grow and with its recent provisional designation as a Level II trauma center, Skyline's need for beds will continue to increase. Skyline's critical care and medical/surgical beds are reported to be continuously occupied above 85% occupancy most weekdays. During the sixteen month period from 1/1/2013 through 4/2014, ICU beds exceeded 85% occupancy on 311 days and 95% occupancy on 156 days. Additionally, medical/surgical beds exceeded 85% occupancy on 166 days and 95% occupancy on 32 days. The demand for critical care beds is anticipated to increase steadily, making it all the more important to shift and utilized these beds. The approval of this project will quickly move as many beds as possible into existing renovated space to gain capacity without the delays of new construction.

The current final Joint Annual Report of Hospitals, 2012, shows the four county service area has 4,019 licensed acute care beds. There is a surplus of 1,209 beds.

TENNCARE/MEDICARE ACCESS:

The applicant is an existing provider of Medicare and Medicaid. The applicant is contracted with AmeriGroup, United Healthcare Plan, and TennCare Select.

The applicant projects Medicare gross revenue of \$679,279,257 or 53.8% of gross revenues, and TennCare revenues of \$189,768,908 or 15.03% of gross revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart for the main campus facility is located in the application on page 43. The total project cost is \$3,951,732.

Historical Data Chart: The Historical Data Chart for the main campus facility is located on page 47 of the application. The applicant reported 9,150/51,490, 9,798/52,352, and 10,033/55,814 admissions/ patient days in 2011, 2012, and 2013 each year respectively, for the main campus facility. The applicant reported net operating revenues of \$32,960,000, \$38,471,000, and \$33,425,000 each year, respectively.

Projected Data Chart: The Projected Data Chart for the main campus facility is located on page 49 of the application. The applicant projects 11,218/64,549 and 11,664/67,177 admissions/patient days in years one and two, respectively. The total net operating revenue in year one is projected to be \$39,162,846 and \$40,719,864 in year two of the project.

The applicant provided the average charges, deductions, net charge, and net operating income below.

Admissions or Discharges	CY2016	CY20117
Average Gross Charge Per Day	\$12,668	\$12,669
Average Gross Charge Per Admission	\$65,876	\$65,876
Average Deduction from Operating Revenue Per Day	\$10,354	\$10,354
Average Deduction from Operating Revenue Per Admission	\$53,842	\$53,842
Average Net Charge (Net Operating Revenue) Per Day	\$2,314	\$2,314
Average Net Charge (Net Operating Revenue) Per Admission	\$12,034	\$12,304
Average Net Operating Income After Expenses, Per Day	\$590	\$590
Average Net Operating Income After Expenses, Per Admission	\$3,066	\$3,066

The applicant makes a business decision to address their growing need resulting from their trauma designation and neurosciences program. There is no alternative way to make acute care beds more accessible to the northern sector of Davidson County and no other hospital in the same area that will be a designated trauma center. This project will be accomplished by renovation and requires no new construction and adds no new acute care beds.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant provides a listing of existing healthcare providers, managed care organizations, nursing homes, hospices, and other health care entities with which they have contractual agreements with on page 60 of the application.

The applicant believes this project is beneficial to patients in that it opens up additional capacity that prevents the back up of medical/surgical beds and improves the productivity of the staff.

The applicant does not believe the opening up of this additional capacity without adding additional beds will negatively impact other providers.

The applicant provides the current and projected staffing for the project in Supplemental 1.

TriStar Skyline Medical Center is a clinical rotation site for numerous students in the health professions. The applicant provides a listing of the colleges and universities with which Skyline has student affiliation agreements on page 65 of the application.

TriStar Skyline Medical Center is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by the Joint Commission as a hospital and a comprehensive stroke center. TriStar Skyline was last surveyed on August 12-16 by the Joint

Commission and accredited on August 17, 2013 for Medicare compliance. The last State survey occurred on 11/4/2011 for life safety and deemed complaint.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

This criterion is not applicable.

2. For relocation or replacement of an existing licensed health care institution:

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The above criteria are not applicable.

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

Skyline's critical care and medical/surgical beds are reported to be continuously occupied above 85% occupancy most weekdays. During the sixteen month period from 1/1/2013 through 4/2014, ICU beds exceeded 85% occupancy on 311 days and 95% occupancy on 156 days. Additionally, medical/surgical beds exceeded 85% occupancy on 166 days and 95% occupancy on 32 days. The demand for critical care beds is anticipated to increase steadily, making it all the more important to shift and utilized these beds.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

This criterion is not applicable.